



BUFFALO CITY
METROPOLITAN MUNICIPALITY

BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
2015 / 16



CONTENTS

CONTENTS	2
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	7
COMPONENT A: EXECUTIVE MAYOR’S FOREWORD	7
COMPONENT B: EXECUTIVE SUMMARY	15
1.1 ACTING CITY MANAGER’S OVERVIEW	15
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	23
1.3 SERVICE DELIVERY OVERVIEW	29
1.4 FINANCIAL HEALTH OVERVIEW	34
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	38
1.6 AUDITOR GENERAL REPORT	39
1.7 STATUTORY ANNUAL REPORT PROCESS	40
CHAPTER 2 – GOVERNANCE	43
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	44
2.1 POLITICAL GOVERNANCE	44
2.2 ADMINISTRATIVE GOVERNANCE	49
2.2.1 DIRECTORATE: OFFICE OF THE CITY MANAGER	51
2.2.2 DIRECTORATE: EXECUTIVE SUPPORT SERVICES	52
2.2.3 DIRECTORATE: CORPORATE SERVICES	53
2.2.4 DIRECTORATE: DEVELOPMENT AND SPATIAL PLANNING	54
2.2.5 DIRECTORATE: INFRASTRUCTURE SERVICES	55
2.2.6 DIRECTORATE: MUNICIPAL SERVICES.....	56
2.2.7 DIRECTORATE: MUNICIPAL HEALTH, PUBLIC SAFETY AND EMERGENCY SERVICES	57
2.2.8 DIRECTORATE: FINANCE	58
2.2.9 DIRECTORATE: HUMAN SETTLEMENT	59
2.2.10 DIRECTORATE: ECONOMIC DEVELOPMENT AND AGENCIES	60
COMPONENT B: INTERGOVERNMENTAL RELATIONS	62
2.3 INTERGOVERNMENTAL RELATIONS.....	62
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....	69
2.4 PUBLIC MEETINGS.....	70
2.5 IDP PARTICIPATION AND ALIGNMENT	78
COMPONENT D: CORPORATE GOVERNANCE	78
2.6 RISK MANAGEMENT	79
2.7 ANTI-CORRUPTION AND FRAUD.....	80
2.8 SUPPLY CHAIN MANAGEMENT	81
2.9 BY-LAWS	85
2.10 (A) WEBSITES	87
2.10 (B) INFORMATION AND KNOWLEDGE MANAGEMENT, RESEARCH AND POLICY	88
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	91
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	95
COMPONENT A: BASIC SERVICE	97

3.1.	WATER PROVISION	102
3.2	WASTE WATER (SANITATION) PROVISION	114
3.3	ELECTRICITY	126
3.4	WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING).....	147
3.5	HUMAN SETTLEMENTS.....	158
3.6	FREE BASIC SERVICES AND INDIGENT SUPPORT	166
	COMPONENT B: ROAD TRANSPORT	169
3.7(A)	ROADS.....	169
3.7.(B)	BCMM MECHANICAL WORKSHOP AND FLEET	182
3.8	TRANSPORT (INCLUDE VEHICLE LICENSING & PUBLIC BUS OPERATION).....	189
3.9	WASTE WATER (STORMWATER DRAINAGE)	203
	COMPONENT C: PLANNING AND DEVELOPMENT	210
3.10	PLANNING	214
3.11	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)	219
	COMPONENT D: COMMUNITY & SOCIAL SERVICES	245
3.12	LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC	246
3.13	CEMETERIES AND CREMATORIUMS	251
3.14	CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	254
	COMPONENT E: ENVIRONMENTAL PROTECTION	259
3.15	POLLUTION CONTROL	259
3.16	BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION).....	266
	COMPONENT F: HEALTH.....	272
3.17	CLINICS	272
3.18	AMBULANCE SERVICES.....	272
3.19	HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC	272
	COMPONENT G: SAFETY AND SECURITY.....	277
3.20	POLICE	280
3.21	FIRE	292
3.22	OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER).....	297
	COMPONENT H: SPORT AND RECREATION.....	305
3.23	SPORT AND RECREATION.....	305
	COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	312
3.24	EXECUTIVE AND COUNCIL	312
3.25	FINANCIAL SERVICES	320
3.26	HUMAN RESOURCE SERVICES	325
3.27	INFORMATION MANAGEMENT AND TECHNOLOGY	328
3.28	PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES	336
	COMPONENT J: MISCELLANEOUS.....	363

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD	364
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	367
(PERFORMANCE REPORT PART II).....	367
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL	368
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	368
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	371
4.2 POLICIES.....	373
4.3 INJURIES, SICKNESS AND SUSPENSIONS.....	375
4.4 PERFORMANCE REWARDS.....	382
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	383
4.5 SKILLS DEVELOPMENT AND TRAINING	384
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE	388
4.6 EMPLOYEE EXPENDITURE	388
CHAPTER 5 - FINANCIAL PERFORMANCE	394
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	393
5.1 STATEMENTS OF FINANCIAL PERFORMANCE	395
5.2 GRANTS	397
5.3 ASSET MANAGEMENT.....	402
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	407
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	412
5.5 CAPITAL EXPENDITURE.....	413
5.6 SOURCES OF FINANCE.....	414
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS.....	417
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	418
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS.....	421
5.9 CASH FLOW	423
5.10 BORROWING AND INVESTMENTS.....	424
5.11 PUBLIC PRIVATE PARTNERSHIPS.....	426
COMPONENT D: OTHER FINANCIAL MATTERS.....	426
5.12 SUPPLY CHAIN MANAGEMENT	426
5.13 GRAP COMPLIANCE	427
CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS.....	430
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/15	430
6.1 AUDITOR GENERAL REPORTS 2014-2015	430
COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)	433
6.2 AUDITOR GENERAL REPORT YEAR 2015/2016	433
GLOSSARY.....	439
APPENDICES	
APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE – FINANCIAL YEAR JULY 2015 - END JUNE 2016	443
COMMITTEES AND COMMITTEE PURPOSES	449
APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES.....	450

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE	455
APPENDIX D: FUNCTIONS OF MUNICIPALITY/ENTITY	457
APPENDIX E: WARD REPORTING	460
APPENDIX F: WARD INFORMATION 1-50	478
APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2015/2016	480
APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	482
APPENDIX I: MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	485
APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS	550
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	555
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE	555
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE	556
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	558
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	563
APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME	563
APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	565
APPENDIX N: CAPITAL PROGRAMME BY PROJECT 2015/2016	568
APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2015/2016	578
APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS	584
APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	586
APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	588
APPENDIX S: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	590
ANNUAL PERFORMANCE REPORT:	592
ANNUAL FINANCIAL STATEMENTS VOLUME II	592

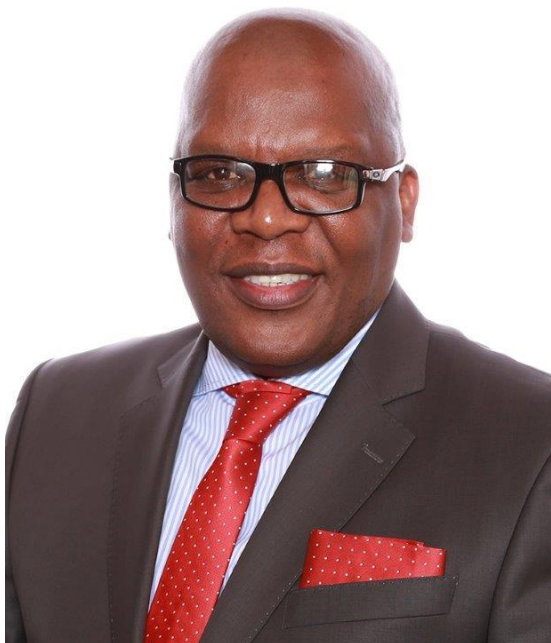
CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR’S FOREWORD

It gives me much pleasure to present this Annual Report for 2015/2016, which highlights our performance achievements and shortfalls, operational considerations, business processes and administration overviews, financial performance, as well as governance and service delivery performance.



The Annual Report is presented as a political imperative that is inherent in our local government democratic political systems. It is also made a legal requirement through the Local Government Systems Act, No 32 of 2000 (Section 46) and Section 88 of the Local Government Municipal Finance Management Act, No 56 of 2003.

The purpose of the Annual Report is to provide feedback to our local communities – a practice underpinned by the principles of transparency and accountability.

It is, therefore, an effective tool that helps us to report back to our residents on the effectiveness of our programmes, projects and activities, as well as the efficiencies of our operations, business processes, and administration in the use of our human, material and financial resources.

(a) Vision

Buffalo City Metropolitan Municipality envisions itself in 2030 as “A Well-Governed, Green, Connected and Innovative City”

This vision is based on 5 Strategic Pillars, namely;

Strategic Pillar 1: An Innovative and Productive City

Strategic Pillar 2: A Globally Connected City

Strategic Pillar 3: A Clean and Environmentally Sustainable City

Strategic Pillar 4: A Spatially Transformed City

Strategic Pillar 5: A Well-Governed City

Towards realising this vision, we are guided by the following strategic objectives in order to build and maintain strategic infrastructure for logistics:

1. To promote inclusive and sustainable economic growth
2. To promote job creation
3. To improve community safety
4. To promote a clean and environmentally sustainable city
5. To implement sustainable human settlements
6. To promote a well-governed city
7. To promote accountability and to fight corruption
8. To implement integrated skills development programmes
9. To enhance quality of life
10. To promote export trade

Through our Metro Growth and Development Strategy, we identified strategic interventions that are aimed at mitigating the anticipated effects on the development, including:

- a. Accelerating urbanisation;
- b. Focusing on Resource scarcity and climate change;
- c. Increasing life expectancy levels and
- d. Studying the impact of evolving technologies

It is our inherent belief that these interventions will improve our local economic landscape.

(b) Key Policy Developments

- The United Nations MDGs/Sustainable Development Goals' Declaration, which aims at promoting a comprehensive approach for addressing development issues across a broad front, with the net effect of ending poverty, fighting inequality and injustice, and tackling the effects of climate change by 2030.
- The White Paper on Local Government of 1998, which sets a clear vision for developmental local government in South Africa.
- The National Development Plan 2030, which is considered as the South Africa's "long-term socio-economic development roadmap." The NDP envisages that by 2030, South Africa will be capable of playing a fully developmental role, capable of supporting and guiding development in such a way that benefits society with a particular emphasis on the poor, as captured in the White Paper on Local

Government of 1998. Such a developmental state has to be consciously built and sustained. This is cascaded at a provincial level through the Provincial Growth and Development Plan (PGDP), which contains a strategic framework and through sector strategies and programmes which are aimed at improving the quality of life for the people of the Eastern Cape Province.

In its vision statement, the PGDP charges that we need “to make the Eastern Cape a compelling place to live, work and invest in”. This vision aligns with our vision as Buffalo City Metro. In consideration of both the National and the Provincial Strategic framework, our Integrated Development Plan (IDP) seeks to ensure that local government is able to fulfill its developmental role. Our attitude as the Metro is that we need to use IDP more strategically to focus attention on critical priorities in our mandate as local government such as spatial planning, infrastructure and basic services.

In the 2015/2016 financial year, the Buffalo City Metro developed sufficient policies, strategic plans, as well as sector plans to find expression in our principal strategic plan – the IDP, through which we define our developmental path.

(c) Key Service Delivery Improvements

To date 222 332 households, accounting for 99% of the households in the Metro, have access to potable water in line with the prescribed standards for water quality. During this financial year, we implemented some capital projects aimed at eradicating backlogs as well as ensuring uninterrupted water supply to our communities. We have expanded our ability to provide potable water to our people through the augmentation of our water treatment capacity, the upgrading of water networks and the replacement of existing bulk water infrastructure. In addition, we remain committed to expanding our service delivery footprint through the Coastal Areas Water Supply and Backlog Eradication Programme, as well as through the upgrade of water supply in the rural areas.

Some of the notable projects during this financial year included the Amahleke Water Supply Project, and water infrastructure projects in the West Bank Restitution Settlement, King William’s Town and Bhisho areas.

As at the end of March this financial year, we had already spent R74 909 065 in the current year on bulk water services across the Metro.

As the Metro, we are also participating in the “War on Leaks” - a national programme spearheaded by the Department of Water and Sanitation, through which we are providing 30 youth volunteers from across the Metro with plumbing and related skills. We have also engaged 250 volunteers (5 in each of our 50 Wards) to provide the much needed capacity at grassroots level to repair leaks.

In respect of sanitation, we maintained our Green Drop status during this year through focused augmentation of the capacity of our treatment plants. We are currently in the process of establishing two regional wastewater treatment works, one each in Zwelitsha and Reeston, to the value of R500 million and R300 million, respectively. As a result we will be able to divert all flows from the surrounding areas to these two new facilities, and decommission the central wastewater treatment works.

With regard to electricity, we committed R15 million to the electrification of informal settlements during this financial year, which saw an additional 887 informal dwellings receiving legal electrical connections. This intervention is also aimed at mitigating the challenges of illegal electricity connections (Izinyoka) in informal settlements.

During this financial year, we completed our multi-year flagship project funded by the National Department of Energy - the Queens Park Zoo substation. Through our continued upgrading programme, we also upgraded our electrical infrastructure in King William’s Town, Breidbach, Woodbrook, West Bank, Wilsonia, Gompo, Zwelitsha, Buffalo Flats, Fort Jackson, Ilitha, as well as other areas in the Metro.

As part of our ongoing commitment to becoming a “green” city, we have now installed 5 200 new energy-efficient street lights and have provided alternative energy solutions to our Civic Centre in Beacon Bay.

During this financial year, we did our best to ensure that roads are maintained to a suitable standard, in spite of having received only 35% of the required funding. We have graveled a total of 140,5km of roadway, surfaced 16,8km and maintained 466km of road and stormwater infrastructures. We are currently implementing the Ward Based Project,

through which 10 volunteers per Ward (500 in Total for the Whole Municipality) are assisting with pothole patching and stormwater clearing.

This has seen the Metro, during this financial year, the upgrading of Mdantsane roads, completing Fleet Street and Gonubie Main Road, as well as the construction of the Quenera-Beacon Bay Link Road. We have also invested in the rehabilitation of rural roads and the replacement of existing infrastructure.

A total of R340 648 616 has been committed to the upgrading and maintenance of roads during the current financial year.

In response to the need for greater traffic management and improved road safety, we added 36 new vehicles to the Traffic fleet and were pleased, in January of this year, to launch the Automatic Number Plate Recognition System.

The improvement in the safety of motorists and pedestrians continues to be of great importance to us. To this end, we have initiated and are implementing a programme for the creation of traffic calming and safety measures, prioritising the busiest roads and streets in our various wards.

We have now been recommended for Level 2 Housing Accreditation. To date, 4 408 top structures and 5 498 serviced sites have been delivered. We have also provided internal services to 897 existing sites during this financial year. One of the highlights has been our ability to provide residents of Second Creek tip site with decent houses and full ownership.

In the past financial year, we were honored to receive both the National Govan Mbeki Housing Award for the best Informal Settlement Upgrading project, in respect of the upgrading of the Second Creek Tip Site, and to be recognized with a Provincial award for the best rural housing project, owing to the quality of housing units that we delivered as a Metro. In the current financial year, we continued to build on that foundation, as we make great inroads into the delivery of low cost housing across the Metro. In the current year, we spent R139 202 742 on housing projects.

Notwithstanding our challenges in Waste Management, we have gradually improved in providing waste removal services to over 150 000 households on a weekly basis, and hundreds of businesses on a daily basis. In addressing challenges faced in the provision of waste management services, we continue to invest our infrastructure and equipment as well as staffing issues. We do believe that these investments will make a welcome difference in the punctuality and efficiency of our solid waste management services.

(d) Public Participation

Community participation in local government is an essential element of participatory democracy, and the viability of democratic governance is dependent on informed and active citizens. As provided for in the Local Government: Municipal Structures Act, we chose a Mayoral Executive System combined with the Ward Committee system. The Ward Committee system is aimed at creating space for local communities to have input in matters of local government. Even though all of our 50 wards have ward committees, not all of them were viable. Furthermore, even in wards where they are active, they are faced with enormous challenges that challenges which question their credibility and accountability. As we are preparing to establish new Ward Committees post August 3 2016. Local Government elections, we will built on our strengths to overcome the weaknesses in our Ward Committees and aim at making them more functional and viable in the new term.

A number of programmes are in place driven from the office of the Speaker to empower these structures. Mayoral Imbizos were also held in this financial year as well as stakeholder engagement through IDP and Budget Road shows used to give meaning to participatory democracy in our Metro.

We also had a number of engagements with local communities in selected wards to address specific petitions.

(e) Future Actions

Going forward, we are guided by our medium to long-term strategic plan – the Metro Growth and Development Strategy, which constitutes part of our principal strategic medium plan – Integrated Development Plan. In the short term, it is important that the institution addresses the following issue: inadequate maintenance of municipal infrastructure, with certain pockets of poorly maintained infrastructure.

The wide geographic spread from Dimbaza to East London requires that we guard against perpetuating unequal development across the Metro – it is important that service delivery is also felt inland.

Waste management function is not being implemented up to the level expected by the people; therefore, this matter needs to be addressed in a systematic manner as soon as possible. Illegal land invasions and the extent to which people comply with the by-laws continue to be a challenge. This results in the uncontrolled growth of informal settlements in our urban areas, in spite of the many houses that we continue to build.

The exodus of critical skills from the institution for a variety of reasons, poses a challenge to us to be creative in finding staff retention strategies. However, we also need to acknowledge that we have made good progress in financial management, which has resulted in our being rated with a credit rating of “A”, which signifies a strong cash position in the long-term, with minimal exposure to long-term debt. All these future actions have been encapsulated in our Metro Growth & Development Strategy (vision 2030), as well as in our IDP for 2016-21 and they find expression in our five strategic outcome areas.

(f) Signed Agreements (Memorandum of Understanding) & Partnerships

It is also worth-mentioning that we have worked with the private sector (including Border-Kei Chamber of Business, MBSA) through a Memorandum of Understanding (MOU). The main thrust of the MOU was to enable both the Border-Kei Chamber of Business and the MBSA to share their technical expertise on matters of good governance and financial management. The Council forms part of the Board of Directors of the East London IDZ), and we also signed a MOU with Transnet capturing our in-principle agreement on the development of the Port. As provided for in both the SA Constitution, Chapter 3 (Cooperate Government) as well as the Inter-governmental Relations Act, we worked very well with other spheres of government, more especially COGTA, the Department of Environmental Affairs, as well as the Office of the Premier, amongst others. We attended and played an active role in the MuniMec (Meeting of Municipal Mayors & the MEC for Local Government in the Province) as well as the Premier’s Coordinating Forum.

Our International partnerships with other countries remain effective with places such as Gävle in Sweden, City of Oldenburg, German Settler Monument Restoration as well as the Leiden in Netherlands, and Jinhua City in China.

(g) Conclusion

As we conclude this financial year, and prepare to engage in the new financial year that will also see a new political term, the following considerations should be made:

- Strengthening relations with our communities,
- Improving on Service Delivery (particularly on areas of priority needs),
- Filling of critical posts in the reviewed organogram,
- Strengthening fiscal management systems and ensuring that Supply Chain Management bottlenecks are effectively dealt with,
- Improving our financial audit results towards unqualified audits,
- Investing in infrastructure and spatial development,
- Enhancing our local economic development efforts,
- Dealing effectively with labour relations matters to ensure that they become active partners in the delivery of municipal services.

It is of utmost importance to mention that the achievements covered in this annual report could not have been possible without the administrative and the political arm of the municipality working together collectively and in unison, to improve the lives of the people of our municipality and to fulfil the long-term vision of Buffalo City Metro.

My thanks to all our role-players for their involvement in contributing to the functioning of our Metro, and I extend an invitation to others to get involved as well. As the leadership of this institution, our doors are always open to our residents and the business community to discuss future goals and directions of this Metro. We trust that all of our efforts will contribute to what makes Buffalo City one of the most desirable Metros in which to live, work and invest.

(Signed by) : _____

Executive Mayor

Cllr X Pakati

T 1.0.1

COMPONENT B: EXECUTIVE SUMMARY

1.1 ACTING CITY MANAGER'S OVERVIEW



As a representative of developmental local government, BCMM, as per the constitution, has the duty to ensure the provision of services to communities in a sustainable manner. In this respect, the past year has seen further efforts to improve the levels and reach of such services as witnessed over the past 5 years.

In this regard, the 2015/2016 Financial Year saw 98 % of the BCMM population have access to potable water in accordance with acceptable standards, which represents a sizeable improvement in the percentage of access, from the 76% in 2011/2012.

In our efforts at improving water quality for the residents of BCMM, this year has also seen the augmentation of our water treatment capacity, and the replacement of existing bulk water infrastructure.

Importantly, efforts have also been forthcoming in upgrading water supply in the rural areas.

The Municipality has retained Green Drop status, in terms of its sanitation facilities, with 98 % of the BCMM population now having access to sanitation facilities.

During the past year, a total of 887 new informal connections have been effected, taking the number of new informal connections to a total of 3 085 over the past 5 years.

BCMM has continued in this year, with its upgrading programme, upgrading electricity infrastructure in various areas in the BCMM area.

BCMM has also installed 5 200 new energy-efficient street lights.

With respect to road construction and maintenance, a total of 140,5 km was gravelled, a further 76,8 km surfaced, and 466 km maintained this year.

Notable achievements in terms of roads included the upgrading of Mdantsane Roads, completing Fleet Street and Gonubie Main Road, as well as the Quenera-Beacon Bay link road.

“A pilot Model Energy Efficient Public Building” was piloted in BCMM at the Beacon Bay Electricity Offices. The aim is to reduce the energy consumption of the building and also to monitor the consumption of energy. The project will be able to showcase to schools and other interested parties how to reduce energy consumption and, at the same time, leave a minimal carbon footprint.

With respect to Human Settlements, 4 408 top structures and 5 498 serviced sites have been delivered. We have also provided internal services to 897 existing sites during this financial year. One of the highlights has been our ability to provide residents of Second Creek tip site with decent houses and full ownership.

In addition, BCMM is in the process of finalising low cost housing to peri-urban areas, as represented by 800 Units in Potsdam Ikhwezi and Potsdam Village, and 600 Units each in Potsdam North, and Kanana. In addition, 60 new low-cost housing units and 490 serviced sites have been completed in Sunny South.

In the past financial year, we were honored to receive both the National Govan Mbeki Housing Award for the best Informal Settlement Upgrading project, in respect of the upgrading of the Second Creek Tip Site, and to be recognized with a Provincial award for the best rural housing project, due to the quality of housing units that we delivered as a Metro.

In the current financial, year we continued to build on that foundation, as we make great inroads into the delivery of low cost housing across the Metro. We expended R139 202 742 on housing projects

In meeting some of the major challenges identified with respect to Waste Management, BCMM has added various vehicles to its fleet, with 12 additional refuse compactors, a number of mechanical sweepers, TLBs, and tipper trucks, all of which have led to a positive change in functionality and efficiency of our solid waste management services.

BCMM has also constructed refuse collection points in informal areas.

Furthermore, BCMM has developed a strategy to rehabilitate the Roundhill landfill site.

In terms of recreational, BCMM has this year, spent R12 million on the development of play parks across the Metro.

In our efforts at improving local economic development in the municipal area, 7 Hydroponics Co-operatives have been initiated to date, as part of the Tomato Commodity Group, with the Dimbaza project the latest of these, in production from this year.

Financially, in the latest Annual Municipal Financial Stability Index (MSFI) conducted by Ratings Africa, BCMM was rated as the country's second-most financially stable Metropolitan Municipality.

The strong cash position, indicated by BCMM's "A" credit rating, indicates a stable ratings outlook for both the long and short terms, putting the Metro in a good position to secure funding in the market place and to repay debt.

The City also increased the number of indigent households supplied with basic services from 108 167 in 2014/2015 to 124 819 in 2015/2016.

In accordance with statutory imperatives to develop proper systems of risk management for purposes of mitigating further risk, and also to encourage and promote a risk management culture in the institution, BCMM has developed and put into place, a risk framework as a tool by which risks are assessed and reported, among other things.

Buffalo City Metropolitan Municipality (BCMM) has a Risk Committee chaired by the Chief Financial Officer. The Risk Committee operates in terms of the Risk Charter approved by Council. The Risk Committee has independently reviewed and ranked the risks of the directorates. The directorates have identified the risks affecting their operations as well as the internal controls which mitigate these risks

This is a regular on-going process which is undertaken to determine whether or not there are any new emerging risks which need to be considered by the Risk Committee. The Committee reviews the risks on a quarterly basis

The mitigating controls of these risks, the top 25 risks, are currently being updated. These risks are aligned with the Auditor General's findings. In addition to these risks, BCMM is in the process of adding areas of findings by the Auditor General (emerging risks).

BCMM is also in the process of establishing a Risk Department positioned in the City Manager's Office which will be capacitated with knowledge and skills to monitor and facilitate in managing institution-wide risks and also to also promote a risk sensitive culture.

Following upon the identification of the risks and mechanisms to mitigate the risks within the institution, the BCMM Risk Committee has identified the top 5 risks for the institution for the 2015/2016 Financial Year as follows:

	Departmental Reference	Risk Type	Risk Category	Cause of Risk	Consequence of Risk	Mitigation Measures
1	Spatial Planning and Development	External	Service Delivery	State owned land.	Illegal land invasion Impeding development.	
2	Community Services	External	Social Environment	The Legal Waste Management Requirements,	Time taken from the furthest service point to the disposal	1) Appointment of Security Guards. 2) Awareness -

	Departmental Reference	Risk Type	Risk Category	Cause of Risk	Consequence of Risk	Mitigation Measures
				which prescribe minimum of a 600 meter buffer zone from the residential area, air dispersion modeling and health impact assessment prior the development of the site.	site and also negative impact on the condition of the trucks.	installation of NO DUMPING SIGNS and NOTICES to certain households. Adopt a Spot programme. Clearing of illegal dumps done but not consistent/no programme in place due to budget for clearing of illegal dumps
3	Community. Services	Internal/ External	Integrated Environmental Services	Climate Change.	Negative financial impact due to disasters.	Ensure that our budget has a surplus to enable the municipality to contribute towards cash backed reserves
4	Financial Services	Internal	Financial	Lack of service delivery business plans submissions that are long-term orientated.	Uncoordinated infrastructure development and provision of services. Aging infrastructure development.	Development of standardised long term business plans
5	Engineering Services	Internal	Loss/theft of assets/vandalism	Inadequate security. Inadequate oversights and internal controls. Service delivery protests.	Loss of revenue.	

As a Category A Metropolitan Municipality, BCMM does not have any obligations in terms of Section 155 of the Constitution, to any constituent Municipality.

In accordance with Section 156 of the Constitution, BCMM is responsible for the following Powers and Functions:

Schedule 4: Part B	Schedule 5: Part B
Air Pollution	Beaches
Building Regulations	Billboards and the display of advertisements in public places
Electricity and gas reticulation	Cemeteries, funeral parlours and crematoria
Fire-fighting services	Cleansing
Trading Regulations	Control of public nuisance
Local tourism	Control of undertakings that sell liquor to the public
Municipal Planning	Licensing of dogs
Municipal public transport	Local amenities
Stormwater management systems in built up areas	Local sport facilities
	Markets

Schedule 4: Part B	Schedule 5: Part B
Water and Sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems.	Municipal abattoir
	Municipal parks and recreation
	Municipal Roads
	Noise pollution
	Public places
	Refuse removal, refuse dumps and solid waste disposal
	Street trading
	Street lighting
	Traffic and Parking

In addition, Section 156 (2) of the Constitution provides that a municipality may make and administer by-laws for the effective administration of the matters, which it has the right to administer as indicated above. The enforcement of new by-laws will be ensured by the Directorates in respect of which the bylaws relate. Legal Services assist with the drafting, development and archiving of the code of By-Laws as envisaged in the regulatory framework.

In terms of revenue trend, the past year saw a surplus (including capital transfers and contributions) of R654million, which is an unfavorable variance of R128million in comparison to the budgeted surplus of R781million. During 2015/2016, the total revenue obtained was below the expected budget expectations and a decline in revenue amounting to R241million was received.

This unfavorable variance resulted from: Property rates revenue totaling R865million which was below the budgeted amount by R58million; Service charges totaling R2,8 billion which was below the budgeted amount by R41m; Investment revenue totaling R187m which was above the budgeted revenue by R51million.

BCMM had budgeted to incur expenditure from conditional grant funding from an earlier point in the financial year. This did not occur, resulting in conditional grant funding being available for investment and resulting in additional unbudgeted interest income.

The following transfers were recognised in the 2015/2016 Financial Year: Operational totaling R964million, which was R115million below the budgeted revenue of R 1.1billion, and own revenue totaling R682million which was R52million below the budgeted revenue of R733million.

The long-term loans comprised a total of R497m, which represented a decrease of R50m on the balance at the beginning of the financial year. BCMM is in an enviable position of having access to additional long-term loan facilities in order to invest in the replacement of infrastructure assets. The City's investments held with financial institutions have increased to R2,4 billion, from R2,2 billion in 2014/2015. Aggressive cash management, together with a focused budget, has resulted in the city experiencing growth in investment levels maintained by the city.

Government grants and subsidies have contributed to the significant increase in revenue, resulting in an improved capital spend occurring within the Municipality. This is particularly important as it has a direct impact on service delivery to BCMMs constituent community.

The variance of 140% is due to the institution budgeting to incur expenditure from conditional grant funding from an earlier point in the financial year. This did not occur resulting in conditional grant funding being available for investment resulting in additional unbudgeted interest income.

Grants and subsidies continue to comprise the most significant portion of the funding utilised for capital expenditure. The largest is the Urban Settlement Development Grant, which is focused on developing new urban areas for habitation. This grant is utilised to ensure service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas.

Government grants reduction would have a huge negative impact on the service delivery for capital projects. The Municipality should envisage other revenue streams that will enable more own revenue in order to fund future capital projects. This will result in lessening grant dependency by the Municipality. The Municipality is also using the revaluation method to account for its assets and this allows the Municipality to raise funding through depreciation for renewal and refurbishment of existing assets. This assists the Municipality to contributing towards capital budget funding.

BCMM makes payment to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximise the interest-earning potential whilst also ensuring safety of the principal of any surplus funds. Investment diversification is in practice at BCMM, in an attempt to minimise risk and maximise interest earning potential. Operating activities have not changed significantly over the past financial year; the major change has been in terms of electricity revenue, which has increased to R1,69 billion from R1,46 billion in 2014/2015. Net cash used has, as a result, increased to R1,19 billion from R930 million in 2014/2015.

The Metro's current loans balance including finance lease items totaled R496 million as outstanding when compared with R546 million for 2014/2015. No additional borrowings were taken up during the current year. The Metro is currently servicing its debt quarterly with two financial institutions, being Rand Merchant Bank and The Development Bank of Southern Africa.

Aggressive cash management, together with a focused budget, has resulted in the city experiencing growth in investment levels maintained by the city.

BCMM continues to have fruitful and symbiotic relationships with a number of sector departments.

In this respect, the 2015/2016 Financial Year saw engagement of BCMM with the Department of Roads & Public Works (DRPW) with the purpose of entering and signing a Memorandum of Agreement (MOA) for the maintenance of Provincial roads within BCMM. In addition, BCMM has been engaging with the South African National Roads Agency (SANRAL) about projects within the BCMM area. BCMM Council has resolved that Service level agreements between the two spheres of government be carried out and that these projects be prioritised including N2/R72 Alignment, and the Mount Ruth Node.

Buffalo City Council also manages 17 libraries, 2 Mobile Libraries, 3 Prison Depots and 3 Old Age Home Depots, with 73 250 subscribers on behalf of the Provincial Government. The latter only subsidized Council's libraries' operating budget of R26 978 280 by R10 million in the 2015/2016 financial year.

BCMM, although not legislated to implement programmes with respect to child care, aged care and social programmes, which are the function of the Eastern Cape Provincial Department of Social Development and Special Programmes, still plays a role in ensuring all citizens especially the vulnerable groups including children and the aged are afforded an opportunity to participate in metro planning and budgeting processes, in the Integrated Development Plan (IDP), and in Agenda 21 Plans.

During the year under review, BCMM also participate in the SAPS National Law Enforcement operation called “Operation Field” which focused on intense visible policing. BCMM Health Department, together with SAPS and other role players, focused on enforcing health by-laws in particular food selling/handling hawkers.

Through collaborative efforts of BCMM, National Department of Public Works and the National Department of Military Veterans Association, the City has been granted R2 469 600 in the 2016/2017 financial year through the EPWP Programme to ensure the successful implementation of the Coastal Crime Prevention project.

BCMM received a qualified audit opinion from the Office of the Auditor General for the 2014/15 Financial Year. Even though, we have received qualified audits, we are committed on the road to the ultimate clean audit, guided by our Audit Improvement Plan (AIP), through-which we will address the concerns of the Auditor-General.

Under the guidance of National Treasury, BCMM has implemented a key internship programme aimed at addressing shortages in key service delivery areas with National Treasury providing funding and monitoring the implementation of an Infrastructural Skills Development Grant Internship. This internship targets engineers, technicians and apprentices and will improve BCMM's service delivery once completed.

BCMM also acts as an agent for the Department of Land Affairs with regard to land claims, and acts as implementation agent for the Provincial Department of Human Settlements.

(Signed by): _____

Acting Municipal Manager
N Ncunyana

T 1.1.1

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Buffalo City Metropolitan Municipality is situated on the east coast of the Eastern Cape Province, South Africa. The municipality was established as a local municipality in 2000 after South Africa's re-organization of municipal areas.

Human Settlement

The City has a diverse built environment with extremes of density ranging from 184 dwelling units per hectare in Duncan Village to 12 dwelling per hectare in Mdantsane, 4 dwellings per hectare in Gonubie and less than 1 dwelling per hectare in the rural settlements. The City tends to have a fragmented spatial character with most families residing within the urban core of East London and King William's Town and in informal settlements situated alongside formal settlements and developed suburbs. The Metro as a Level 1 accredited developer has made significant progress with regards to Human Settlements. 5378 Top Structures and 4412 Serviced Sites have been delivered during this term of office.

The delivery of sustainable Human Settlement is integral to the city's vision; however there are many challenges:

1. Slow and complex land identification and development processes;
2. Land invasions and uncontrolled growth of informal settlements;
3. Limited capacity of bulk services to meet the demands of new developments (roads,

water, sewerage, electricity and storm-water);

4. Securing funds for the coordinated supply of social infrastructure such as schools, clinics, sports and recreational facilities and operational costs associated with managing the services;
5. Budget limitations that would allow the Metro to be able to produce integrated Human Settlements as per National Standards.

Electricity:

In terms of the constitution the municipality is responsible to distribute electricity to all consumers within its jurisdiction. The BCMM Electricity and energy services department has a licence issued by NERSA to distribute electricity only to consumers within its area of supply which falls within the urban edge. Even though the responsibility to ensure services remains with the municipality, NERSA have issued ESKOM with a licence to distribute electricity to consumers outside the urban edge. While NERSA has the right to issue the licence it should be done in conjunction with other legislation such as the Municipal Systems act which allows for services to be provided by an entity other than the municipality but in terms though of service delivery agreement which would give the municipality the right to ensure the correct level of service is provided.

In the year under review the Electricity Department achieved the following high lights:

- Electrification of 1971 informal dwellings
- Electrification of 183 formal dwellings
- Investment of R96 million into the electrical network in terms of upgrade, refurbishment and renewal

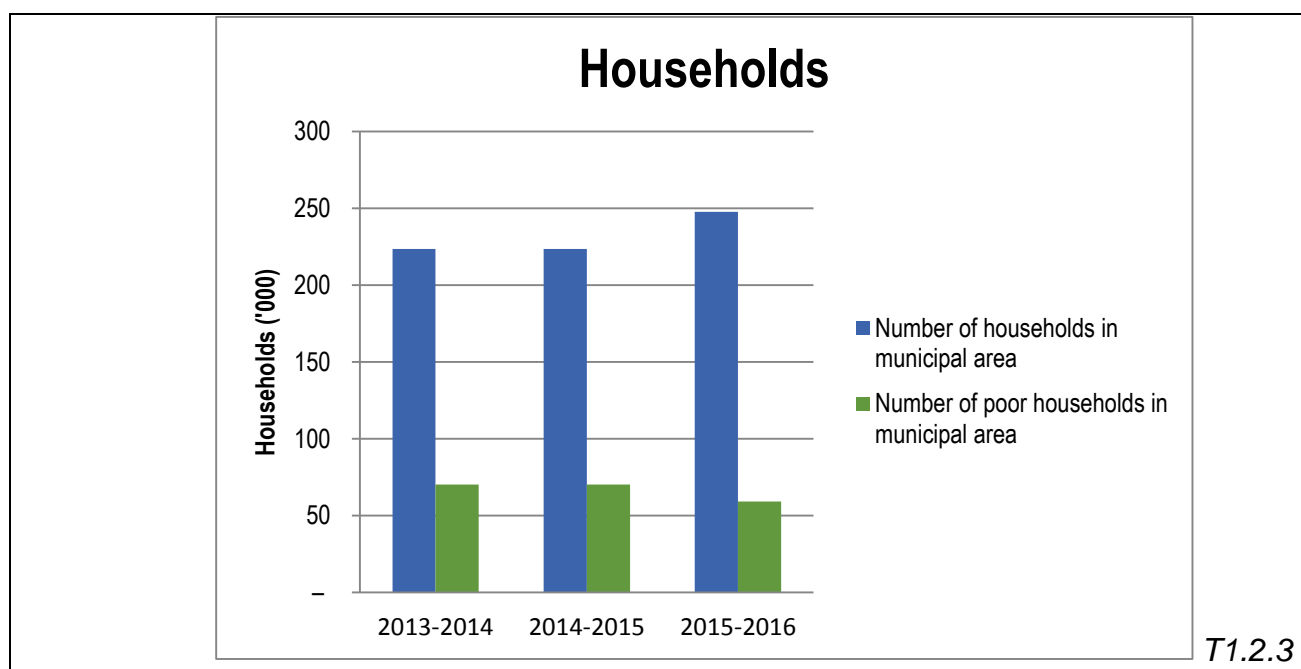
Water

BCMM is both the Water Services Authority (WSA) for its entire area of jurisdiction and the Water Services Provider (WSP) for the bulk of the area. The Amatola Water Board are the other WSP that are operational in the area.

BCMM has an established Water Services Authority (WSA) in place, which has the ability and resources to undertake the WSA functions in its current format. The % of households with access to basic level of water supply is 99.4%. The overall access to basic level of sanitation is 99%

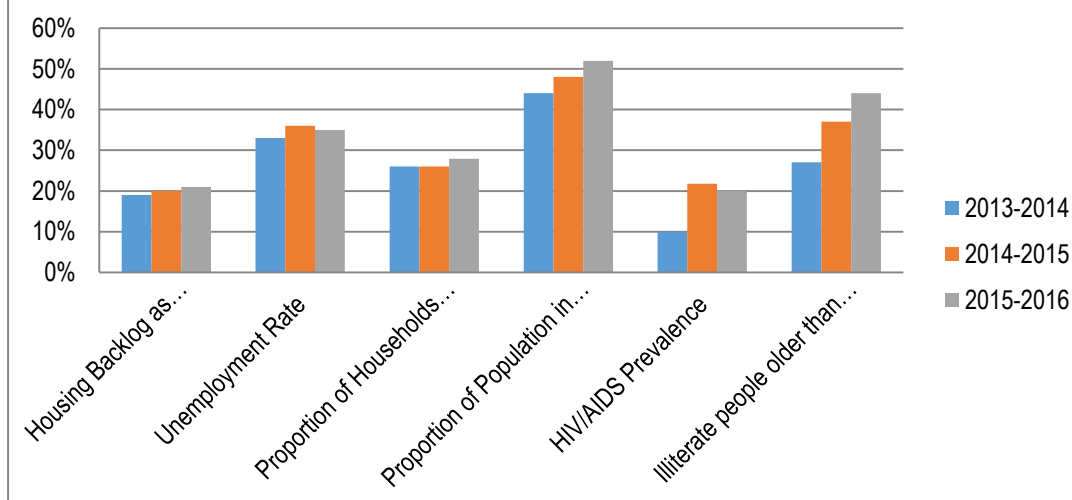
T 1.2.1

Population Details									
Age	2013/2014			2014/2015			2015/2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	40472	39358	79830	41075	39944	81019	41687	40539	82226
Age: 5 - 9	34367	33293	67660	34879	33789	68668	35399	34292	69691
Age: 10 - 19	63863	64018	127881	64814	64971	129785	65780	65939	131719
Age: 20 - 29	74052	77358	151410	75155	78510	153665	76275	79680	155955
Age: 30 - 39	54769	59456	114225	55585	60341	115926	56413	61240	117653
Age: 40 - 49	42676	52183	94859	43311	52960	96271	43956	53749	97705
Age: 50 - 59	32045	41086	73131	32522	41698	74220	33007	42319	75326
Age: 60 - 69	16573	22063	38636	16819	22391	39210	17070	22725	39795
Age: 70+	10504	19736	30240	10660	20030	30690	10819	20328	31147
Grand totals			777872			789454			801217
Source: Statistics SA adapted from Census 2011 with an average 1.49% growth rate per annum applied									
T 1.2.2									



Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2013/2014	19%	22%	26%	44%	10%	27%
2014/2015	20%	23%	26%	48%	15%	37%
2015/2016	21%	24%	26%	52%	20%	44%
T 1.2.4						

Socio Economic Status



T 1.2.5

Overview of Neighbourhoods within 'BCMM'

Settlement Type	Households	Population
Towns		
East London	85606	272500
King Williams Town and	10978	36227
Bhisho	3508	11576
Sub-Total	100092	320303
Townships		
Mdantsane,	43930	140969
Phakamisa	2090	6897
Zwelitsha,	5994	19392
Ginsberg	3550	11715
Dimbaza	7495	24734
Sweetwaters	3507	11573
Sub-Total	66566	215280
Rural settlements		
the total of traditional dwellings across BCMM	25936	85589
Sub-Total	25936	85589
Informal settlements		
rural informal dwellings	12623	41656
Township informal dwellings	11540	36082
Town informal dwellings	31002	102307
Sub-Total	55165	180045
Total	247759	801217

T 1.2.6

Natural Resources	
Major Natural Resource	Relevance to Community
Ocean & coastline	Trade tourism subsistence recreation
agricultural land	agriculture
Bushveld & grasslands	Tourism, subsistence agriculture
T 1.2.7	

COMMENT ON BACKGROUND DATA:

With a GDP of R 69.5 billion in 2015 (up from R 25.8 billion in 2005), the Buffalo City Metropolitan Municipality contributed 22.61% to the Eastern Cape Province GDP of R 307 billion in 2015 increasing in the share of the Eastern Cape from 20.50% in 2005. The Buffalo City Metropolitan Municipality contributes 1.73% to the GDP of South Africa which had a total GDP of R 4.01 trillion in 2015 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2005 when it contributed 1.57% to South Africa, but it is lower than the peak of 1.74% in 2013.

GROSS DOMESTIC PRODUCT (GDP) - REGIONS WITHIN EASTERN CAPE PROVINCE, 2005 TO 2015, SHARE AND GROWTH

	2015 (Current prices)	Share of metropolitan municipality	2005 (Constant prices)	2015 (Constant prices)	Average Annual growth
Buffalo City	69.5	22.61%	37.2	52.1	3.43%
Nelson Mandela Bay	108.8	35.39%	66.4	83.7	2.34%
Cacadu	23.8	7.73%	13.6	17.4	2.48%
Amatole	27.3	8.87%	17.8	20.1	1.21%
Chris Hani	23.2	7.55%	14.2	17.0	1.84%
Joe Gqabi (Ukhahlamba)	9.7	3.16%	5.5	7.1	2.60%
O.R.Tambo	33.2	10.81%	20.7	24.1	1.52%
Alfred Nzo	11.9	3.88%	7.2	8.6	1.85%

Source: IHS Global Insight Regional Explorer version 993 T 1.2.8

SERVICE DELIVERY INTRODUCTION

The municipality has progressed well when it comes to the provision of basic services in terms of water services. The access to basic water services is currently sitting at 99% only 1% is still to be covered. This 1% is currently catered for in terms of supply through tanker deliveries or tanks positioned strategically in the villages or informal settlements. All registered indigent consumers received 6kl free per month and finance section is encouraging all qualifying consumers to register in the indigent register.

The department does not experience much challenges in implementation of water services project that increases the access to basic services, the budget shortfall to eradicate backlogs is R123 million for water and R270 million for sanitation.

Human Settlement

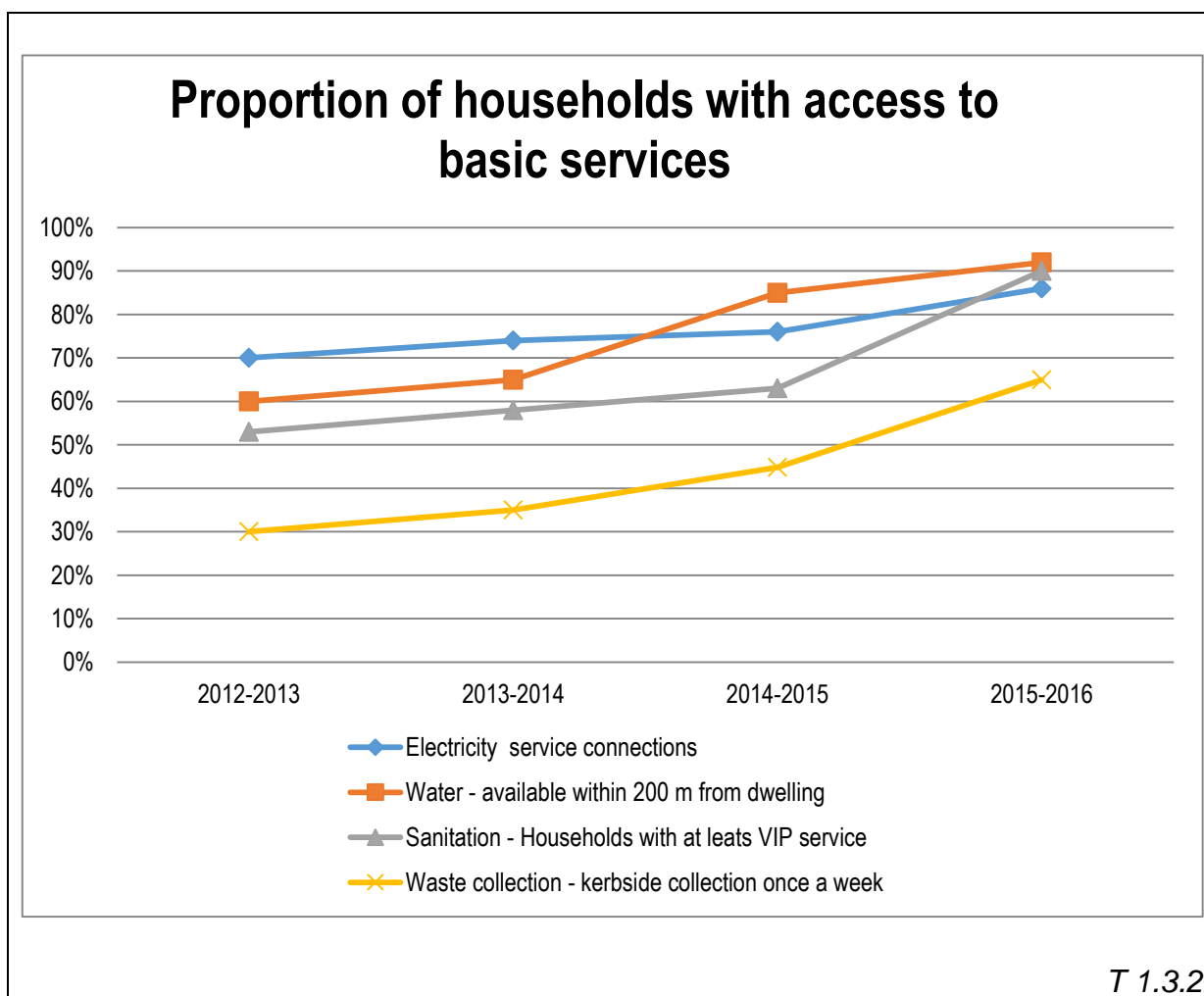
Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate, facilitate, promote and enable appropriate housing development. As part of the IDP, it also undertakes to take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and furthermore, to ensure that conditions which are not conducive to health and safety are removed.

The Directorate of Human Settlements is measured according to the Number of Top Structures completed, Number of serviced sites completed and Number of beneficiaries registered. In the financial year 2015/2016 the Directorate had a target of 1700 top structures, 1961 internal service and 3500 beneficiaries. The Directorate under achieved and only succeeded to complete 936 top structures, 1 153 internal services and 1 795 registered beneficiaries. Numerous challenges contributed to the under achievements amongst many the non-availability of general plans in on-going projects and beneficiary quarrels on in situ developments attested to be very unfavourable for the Directorate. The municipality was inculcated by Provincial Department of Human Settlements to discontinue registration of new beneficiaries citing a bottleneck of approved beneficiaries that have not been provided with houses. The accessibility of appropriate land in the Metro for Human Settlement development remains a colossal challenge for the

directorate. The budget of the directorate is also in adequate to service the necessity on the ground. The Directorate of Human Settlements delivers houses to individuals earning R3 500 and less which are characterized as indigents according to the Housing Act.

T 1.3.1

Proportion of Households with minimum level of Basic services				
	2012-2013	2013-2014	2014-2015	2015-2016
Electricity service connections	70%	74%	76%	86%
Water - available within 200 m from dwelling	60%	65%	85%	92%
Sanitation - Households with at least VIP service	53%	58%	63%	90%
Waste collection - curbside collection once a week	30%	35%	45%	65%



COMMENT ON ACCESS TO BASIC SERVICES:

Water

Basic water services are accessible to all in urban areas and there are some 1% of total households that still required to be taken care of. This 1% is found in rural areas where in some areas the service is provided but not meeting the required standards or provided as a temporary measure.

To eradicate this backlog an amount of R123 million and R270 million is required for water and sanitation respectively.

In general, access to basic services has increased over time in BCMM. The following key achievements are noted:

99% of the BCMM population has access to minimum basic water services and 76 891 indigent persons received free basic water. However, BCMM is generally a water stressed region, which is due, largely, to the lack of additional capacity on the water treatment plants and unnecessary water losses owing to old and poorly maintained infrastructure.

During the year, BCMM progressed with planning the Kei Road water treatment plant; upgraded the pumping system on the Buffalo River; upgraded the Umzonyana water treatment plant, and engaged Amathole Water with a view to establish the viability of a dedicated bulk main from the Nahoon water treatment plant to the Quenera which is currently in the planning stage. Measures were also implemented to reduce water losses. Although BCMM has struggled with water quality at times – owing to effluent discharge into rivers, runoff from agricultural lands, storm-water networks and runoff from informal settlements, the water quality was generally acceptable. BCMM was awarded a Blue Drop Rating of 92%.

Sanitation

The sewerage system across BCMM lacks capacity, and is old and poorly maintained. This limits development, and in particular, limits the development potential of the IDZ. In order to address some of the identified challenges, BCMM is in the process of establishing regional wastewater treatment works in King Williams Town and Reeston. BCMM achieved a Green Drop Rating Score of 86,63 % in the last audit.

Service provision was at or above minimum standards for 100% of the population although 51% of informal settlements had access to minimum standards or inadequate access to basic sanitation in the year under review. 58 797 indigent people received free basic sanitation.

Electricity

BCMM holds an electrification licence which allows for electrical connections to be made for consumers within its jurisdiction of supply which falls within the urban edge. ESKOM has a licence to provide electricity to consumers outside of the urban edge.

The minimum supply within BCMM is a 40 amp RDP service connection which is higher than the normal 20 amps which is required by universal access. Access to this supply for low income consumers is through the INEP funding. The council has approved that indigent consumers be provided with a service connection free of charge. As per the council resolution, the Electricity Department has commenced with informal electrification and, to date, has electrified 3 085 informal dwellings.

The electricity backlog is affected by the following:

- Electrification of formal RDP houses which is considered the formal backlog as these houses are built on approved erven and are built to reduce the housing needs of previously disadvantaged communities.
- In the BCMM area of supply, the backlog is due to ongoing housing projects and infill houses built after housing project completion, as each house built becomes a backlog; this is usually rectified within a year due to the ongoing INEP program funded by the Department of Energy.
- The delay is due to the DoE funding criteria, as projects must meet the 80% complete and occupied criteria before further funding is released.
- The second area which has an affected on electricity backlog is the informal dwellings within BCMM as these households require both housing and electrification.
- The BCMM council has taken a decision to electrify some of these areas, which meet the informal dwelling electrification criteria, the main criteria being that the area must have a formal layout and must be BCMM property.

- Thirdly in the ESKOM area of supply, the backlog is mainly caused by extensions to already electrified villages, the main hold back on the extension being electrified is that many of them do not meet the guideline of having a formal layout plan

Solid Waste Removal

According to the 2014/2015 IDP, BCMM has an estimated 162 023 households in the urban area, 11 159 households in the rural areas as well as informal dwellings. Currently, BCMM Solid Waste Department is providing Waste Management Service in the urban and in the informal households. Waste removal is currently facing service challenges within the Metro. However, during the year under review, various projects have been implemented to address some of these challenges.

Human Settlements

In the year 2014/2015, 1 254 houses were built under the Breaking New Ground programme. BCMM Council approved the Housing Allocation and Reallocation Policy in November 2014. This will aid in the process of allocating houses. The Metro has been recommended for Level 2 Housing Accreditation.

T1.3.3

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The 2015/2016 financial year has yielded many successes for the Buffalo City Metropolitan Municipality.

The surplus for the year (including capital transfers and contributions) is R654 million, which is an unfavourable variance of R128 million in comparison to the budgeted surplus of R781 million. Total revenue obtained was below the expected budget expectations and a decline in revenue amounting to R241 million was received.

This unfavourable variance results from: Property rates revenue totalled R865 million which was below the budgeted amount by R58 million. Service charges totalled R2,8 billion which was below the budgeted amount by R51 million. Investment revenue totalled R187 million which was above the budgeted revenue by R34 million.

The institution had budgeted to incur expenditure from conditional grant funding from an earlier point in the financial year. This did not occur, resulting in conditional grant funding being available for investment and resulting in additional unbudgeted interest income.

Transfers recognised - operational totalled R964 million which was R115 million below the budgeted revenue of R1 078 million. Own revenue totalled R682 million which was R52 million below the budgeted revenue of R733 million.

Total expenditure totalled R5,5 billion in comparison to a budget of R5,7 billion, thus resulting in a favourable variance of R224 million. The largest contributors to this variance were the employee cost which was R87 million below the budget, debt impairment which was R168 thousand below the budget, and materials and bulk purchases were R 794 thousand below the budget.

Transfers and grants were R11 million below the budgeted expenditure and other expenditure was R76 million below the budgeted expenditure.

The long-term loans comprise a total of R497 million, which is a decrease of R50 million on the balance at the beginning of the financial year. The Institution is in an enviable position of having access to additional long-term loan facilities in order to invest in the replacement of infrastructure assets.

T 1.4.1

Financial Overview: 2015/2016			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	1 249 333	1 078 556	963 753
Taxes, Levies and Tariffs	3 590 154	3 723 54	3 585 333
Other	880 120	887120	898 788
Sub Total	5 719 607	5 688 930	5 447 791
Less: Expenditure	5 718 685	5 688 008	5 464 435
Net Total*	922	922	(16 644)
<p>* Note: surplus/(deficit)</p> <p>*The total revenue of R5,44 billion excludes an amount of R670 million that was related to capital-transfers recognized, R77 million for gain on disposal of assets and liabilities and R30.38 million for share of surplus of associate.</p> <p style="text-align: right;">T 1.4.2</p>			

Operating Ratios	
Detail	%
Liquidity Ratio	2.5 : 1
Cost Coverage	6.2%
Total Outstanding Service Debtors	13.3%
Debt Coverage	51.1
Efficiency	100%
Capital Charges to Operating Expenditure	1.9%
Employee Costs as a percentage of Operating Revenue	25.7%
Repairs & Maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions)	6.4%
	T 1.4.3

COMMENT ON OPERATING RATIOS:

Liquidity Ratio: The rate of 2.5: 1 is regarded as being above the norm of 2: 1. The Current Liabilities have increased at a greater rate than the Current Assets. This indicates that the Metro's ability to pay Current Liabilities with available Current Assets is in a strong position. The norm is set at 2: 1, so the Metro's Liquidity Ratio is above the Municipal Industry norm.

Cost Coverage: This rate has improved over the past year and currently is at 6.23 months, representing how many months expenditure can be covered by cash and other

liquid assets available to the Metro. The range / norm is 1-3 months. BCMM is above the norm and this translates to healthy cash reserves that the municipality has to fund monthly fixed operational expenditure.

Total Outstanding Service Debtors: The rate of outstanding debt has stabilised when compared with last year and is currently at 13.3%. Outstanding debtors continue to be a focus for the Metro which is continuously implementing methods to decrease this rate to within a manageable range.

Debt Coverage: This rate continues to improve increasing from 40.5 (2014/2015) to 50.1 (2015/16) during the current year. This indicates that the Metro long-term debt is decreasing and is due the Metro not taking up additional loan funding during 2015/16.

Efficiency: The Metro maintains its policy to pay its top 20 creditors within 30 days. The constant 100% payment levels to creditors highlights this achievement.

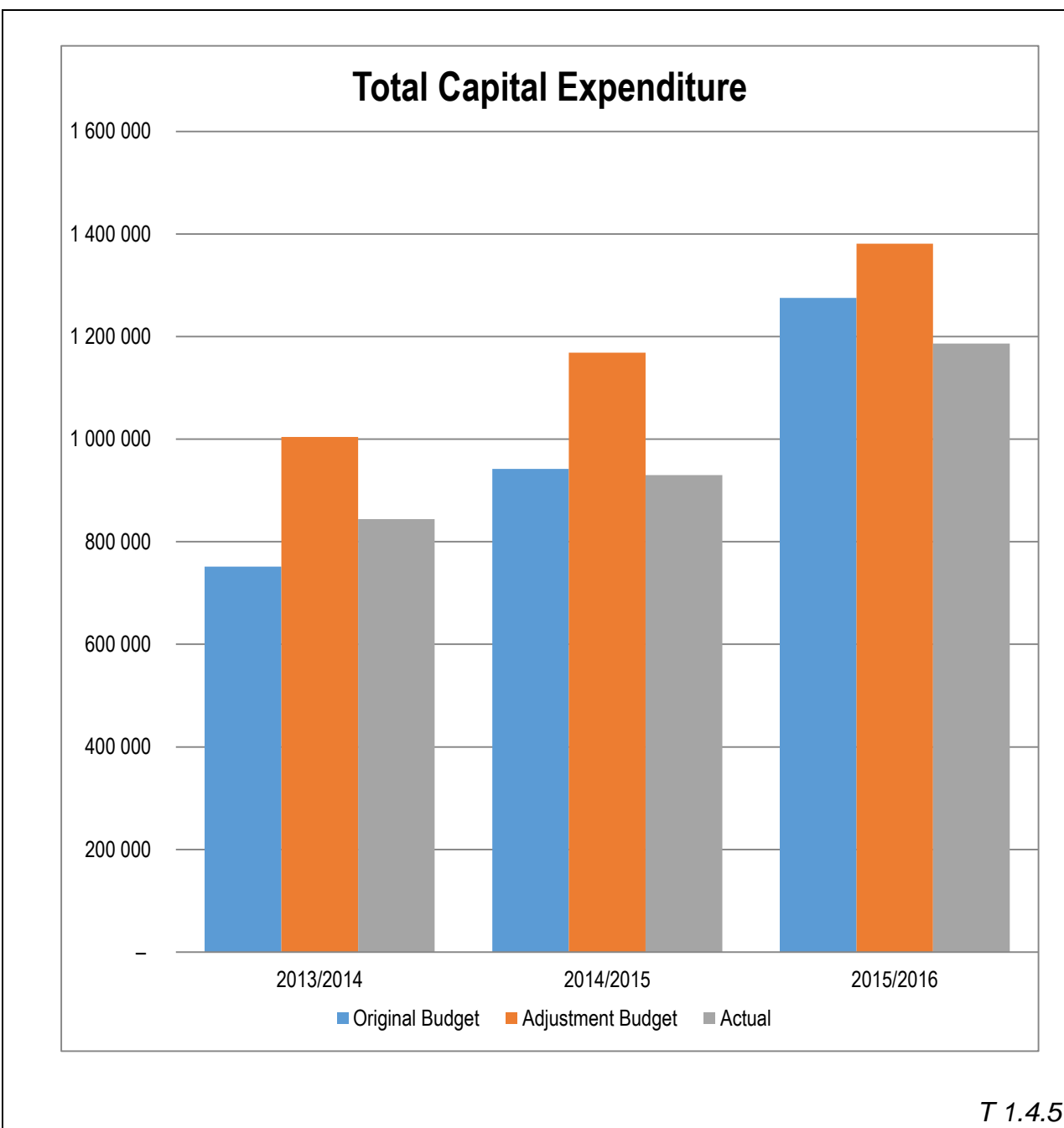
Capital Charges to Operating Expenditure: The rate has decreased due to no new borrowings being incurred by the Metro. The rate currently is 1.9%. BCMM is currently in the process of taking up new loan facility which will have a direct impact on this ratio.

Employee Costs as a percentage of Operating Revenue: The rate of 25.7% is between the norm of 25% - 40%.

Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions): The rate remains below the norm of 10% for municipalities. The rate had improved to 6.4% currently. The City is augmenting its assets maintenance programme by use of its own funding towards capital investment on renew of existing assets.

T 1.4.3.1

Total Capital Expenditure: 2013/2014 to 2015/2016			
			R'000
Detail	2013/2014	2014/2015	2015/2016
Original Budget	751 242	942 007	1 275 354
Adjustment Budget	1 004 377	1 168 745	1 381 277
Actual	844 194	930 050	1 186 373
			T 1.4.4



COMMENT ON CAPITAL EXPENDITURE:

BCMM has spent 86% (91% inclusive of reclaimed VAT) of its capital budget; this reflects a slight improvement when compared to the previous financial year where 80% (84% inclusive of reclaimed vat) was spent.

The Capital expenditure incurred in the 2015/2016 financial year was funded through grants and subsidies and own funding. BCMM has spent 95% inclusive of reclaimed vat of its total capital grants budget. The largest funding source was the Urban Settlement Development Grant, which is focused on developing new urban areas for habitation. BCMM has spent 100% inclusive of reclaimed vat of its 2015/2016 USDG budget of R649 million. This grant is utilised to ensure that service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas.

T 1.4.5.1

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The 2013 Metropolitan organogram has been reviewed and approved in June 2016. The second phase of staff transfer and migration, which caters for staff members who could not be transferred during the first phase due to errors or omissions in the 2013 organogram, has commenced. The two Directorates which were not finalised during the first phase will form part of the second phase.

Buffalo City Metropolitan Municipality has a Job Evaluation Unit which has been established internally to evaluate all the positions in the BCMM organogram. The process of job evaluation was initiated in July 2015 through the establishment of the Job Description Writing Task Team to develop job descriptions for all posts in preparation for evaluation.

Job evaluation committee members have been trained and appointed to sit for the evaluation of posts. The job evaluation unit is targeting to evaluate 200 posts by June 2017.

T 1.5.1

1.6 AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2016

Buffalo City Metropolitan Municipality received a qualified audit opinion.

T 1.6.1

1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year.	
4	Submit draft year 2015/2016 Annual Report to Internal Audit and Auditor-General.	
5	Municipal entities submit draft annual reports to MM.	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).	August
8	Mayor tables the unaudited Annual Report.	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase.	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	September - October
12	Municipalities receive and start to address the Auditor-General's comments.	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report.	
14	Audited Annual Report is made public and representation is invited.	
15	Oversight Committee assesses Annual Report.	
16	Council adopts Oversight report.	December
17	Oversight report is made public.	
18	Oversight report is submitted to relevant provincial councils.	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January
T 1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS:

In terms of section 121 of the Municipal Finance Management Act, 56 of 2003(MFMA) and Section 46 Municipal System Act 32 of 2000(MSA) the Buffalo City Metropolitan Municipality must prepare an annual report for each financial for year consideration in accordance with Section 129 of the MFMA.

This Annual Report has been developed according to the provision of Circular No.63 of the Municipal Finance Management Act which indicates that real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community in the IDP, the Budget, SDBIP, in year reports, Annual Financial Statements, in the Annual performance report and in the Annual Report. In terms of Section 133 of the MFMA, the Executive Mayor must submit the Annual Report within 7 months from the end of the financial year, which means that the '15/'16 report should be tabled before 31 January 2017. Therefore, Council is required to approve the Annual Report and the oversight report within 9 months after the end of the financial year, which is before the end of March 2017.

The annual performance report and annual financial statements were submitted to the Auditor-General on the 31 August 2016. In September the report was submitted to AGSA for auditing. On 27 January 2017, the annual report was tabled to BCMM council for approval. In February, the report was submitted to National, Provincial and Treasury, COGTA and Human Settlement and was publicized on the BCMM website and libraries for comments. Oversight of the report by Municipal Public Accounts Committee was in the period of 1 February 2017 - April 2017.

Key documents that are developed by a municipality include the IDP, Budget, Performance Management system and the Annual report. By their very nature it is of utmost importance that all of these documents are aligned because they are interlinked and represent the core business of a municipality. The IDP is forward looking and outlines Council's vision, development priorities, objectives and strategies as well as key performance indicators and targets.

In terms of section 25 (1)(c) of the Municipal Systems Act the IDP forms the policy framework and general basis on which annual budgets must be based. In other words, the IDP must inform the budget and there must be a clear linkage.

Performance management, on the other hand, is of critical importance to ensure that the IDP is implemented and that it is having the desired development impact, and resources are being used efficiently. Section 38 (a)(iii) of the Municipal Systems Act further stipulates that a municipality must establish a performance management system that is in line with the priorities, objectives, indicators and targets as contained in its integrated development plan.

T 1.7.1.1

CHAPTER 2

GOVERNANCE

INTRODUCTION TO GOVERNANCE

Since the advent of democratic local government in South Africa, this brought along obligations on Local Government to involve communities in planning and decision making processes, thus it becomes important that communities are empowered to partake in Local Governance. As Buffalo City Metropolitan Municipality, our system of governance is based on democratic principles such as accountability, transparency and empowerment amongst others.

The Council combines both the Legislative and the Executive functions. The Council is convened and Chaired by the Speaker, who is supported by the Chief Whip in creating a well-oiled council able to work in concert through positive engagements of the multi-party whippers.

The Council delegates most of its executive functions to the Executive Mayor as the Head of the Institution, who is supported by the Deputy Executive Mayor as well as the Mayoral Committee.

The Administration is headed by the City Manager, who is supported by the Heads of Directorates who in turn work with Officials to execute the resolutions of the Council as well as programmes and activities of the Institution.

The Council and Committees established both in terms of Section 80 and Section 79 of the Municipal Structures Act plays an oversight role on the Administration of the Municipality to ensure that commitments in the Integrated Development Plan and Municipal Budget are implemented.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political and Administrative Governance information is provided in T2.1.1 and T2.2.2 below

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Buffalo City Metropolitan Municipality chose a Mayoral Executive combined with the Ward Committee System.

The Council consists of 100 Councilors, are drawn from 50 Councilors representing political parties through Proportional Representation and the other 50 Councilors representing our 50 Wards. The 50 Ward Councilors work with Ward Committees as a platform for interacting with various interest groups in the Ward. It is through the work of these Ward Committees that community meetings are organised to advance the accountability of our Councilors.

The Executive Mayor who leads the Executive function in our Metro, supported by the Deputy Executive Mayor, works with the Members of the Mayoral Committee who in turn preside over the following committees:

1. Corporate Services
2. Municipal Finance
3. Infrastructure Development
4. Human Settlements
5. Spatial Planning & Development
6. Local Economic Development
7. Municipal (Community) Services
8. Public Safety & Health
9. Special Programmes

The above-mentioned committees are established in terms of Section 80 of the Municipal Structures Act.

The function of Integrated Development Planning and Intergovernmental Relations were delegated to the Deputy Executive Mayor during this term.

In addition the Executive Mayor established the following Committees:

1. Sports Sponsorship Committee
2. Grant-In-Aid

The Speaker of Council leads the Legislative function in the Municipality, and is supported by the Chief Whip of Council to ensure that the Council operates efficiently as a highest decision making body of the Municipality.

The Speaker is also responsible for overseeing the functioning of Council Committees established in terms of Section 79 of the Municipal Structures Act.

The following committees were established:

1. Municipal Public Accounts Committee
2. Audit Committee that oversees the work of the Internal Audit Committee
3. Petitions Committee
4. Women's Caucus Committee

The Executive Mayor (Supported by the Deputy Executive Mayor), Speaker & the Chief Whip sits in Troika Meetings every two weeks take political decisions in between Council and they decide on issues that should be escalated to the Council for a Council Decision.

T 2.1.1

POLITICAL STRUCTURE



EXECUTIVE MAYOR
Councilor X Pakati



DEPUTY EXECUTIVE MAYOR
Councilor Z P Matana



SPEAKER
Councilor A S Mtsi



CHIEF WHIP
Councilor M Vaaiboom

MAYORAL COMMITTEE / EXECUTIVE COMMITTEE



N P Peter
Finance



Councilor P Nazo-Mkatala
Spatial Development Planning



Councilor S N Toni
Corporate Services



Councilor N M Mhlola
Human Settlement



Councilor X Witbooi
Special Programmes



Councilor N L N Kumbaca
Infrastructure



Councilor H Neale-May
Municipal Services



Councilor N M Marata
Local Economic Development



Councilor A O Mnyute
Health and Safety

T 2.1.1

COUNCILLORS

The information on Councilors are provided in Appendix A

T 2.1.2

POLITICAL DECISION-TAKING

Buffalo City Metropolitan Municipality is a Category A municipality with a Mayoral Executive system combined with Ward Participatory system. In accordance with Section of 60 of Municipal Structures Act No. 117 of 1998, the Executive Mayor appointed a Metropolitan Mayoral Committee.

Specific responsibilities including presiding over specific Portfolio Committees being assisted by Councilors deployed to each portfolio committees has been delegated to each Portfolio Head. The Portfolio Committee consists of 10 Councilors. For the meeting to quorate 50 + 1 Councilors must be present for the meeting to proceed.

Portfolio Committees recommend to the Metropolitan Mayoral Committee presided over by the Executive Mayor. The Executive Mayor has delegations to resolve on issues assisted by the Mayoral Committee members, however there are matters that he cannot resolve and only the Council can ratify/ approve etc. e.g. passing of Policies, By – Laws and Budget.

Council meetings are convened monthly, up and above this, Special Council meetings are convened when need arises. The Metropolitan Mayoral Committee meetings are also convened monthly, this results in high volumes of resolution taken.

The institution has developed a resolution register for Metropolitan Mayoral and Council meetings with a view to monitoring implementation of Council resolutions as well as easy access to information when requests for access to information is submitted by citizens.

The accounting officer reports on progress on implementation of these resolution to Council. The report also informs the Council of any reasons of non- implementation should there be any resolution not yet implemented and he/she also provides action to be taken to address the delays.

T 2.1.3

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

During the 2015/2016 financial year, ongoing organisational changes have been underway in order to enable BCMM to perform all functions as a Metropolitan Municipality, effectively and efficiently.

During this period the organisational structure has undergone an annual review process in order to align the structure to the strategic planning, the budgetary and operational planning processes, and Council approved the reviewed structure during June 2016."

The Buffalo City Metropolitan Municipality implements its Integrated Development Plan and it is operating with its current administrative structure headed by the Municipal Manager with the following Directorates:

- Office of the City Manager
- Directorate: Executive Support Services
- Directorate: Corporate Services
- Directorate: Economic Development and Agency
- Directorate: Infrastructure Services
- Directorate: Municipal Services
- Directorate: Health, Public Safety and Emergency Services
- Directorate: Finance
- Development and Spatial Planning
- Directorate: Human Settlement

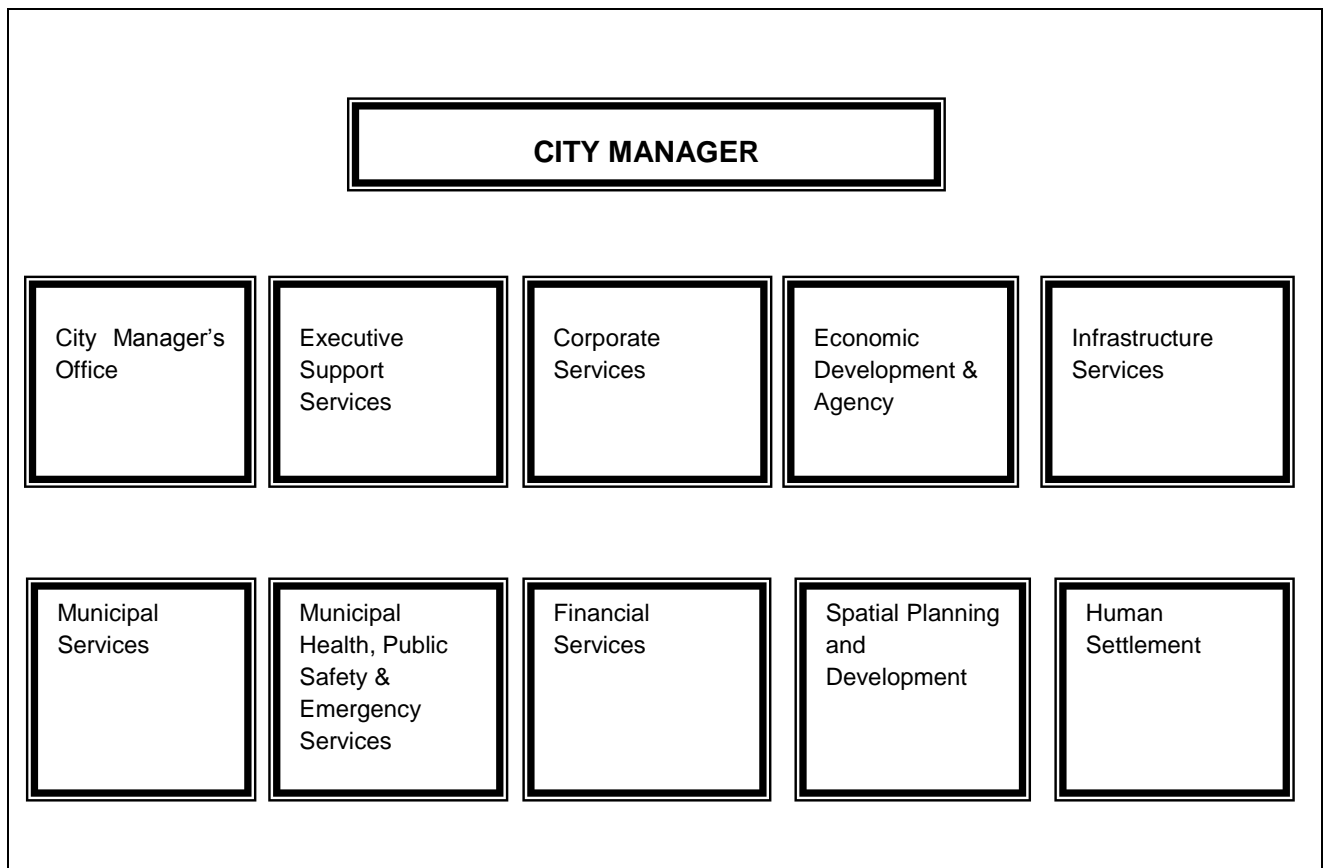


Figure 1: Buffalo City Municipality: Administrative Structure

2.2.1 DIRECTORATE: OFFICE OF THE CITY MANAGER

This office consists of following departments which all report direct to the City Manager:

- Governance and Internal Auditing
- Chief Operating Office
- Legal Services and Municipal Court
- Enterprise Project Management
- Information, Knowledge Management, Research and Policy
- Expanded Public Works Programme

Figure 2 details the organogram of the Directorate of the City Manager's Office up to Management level.

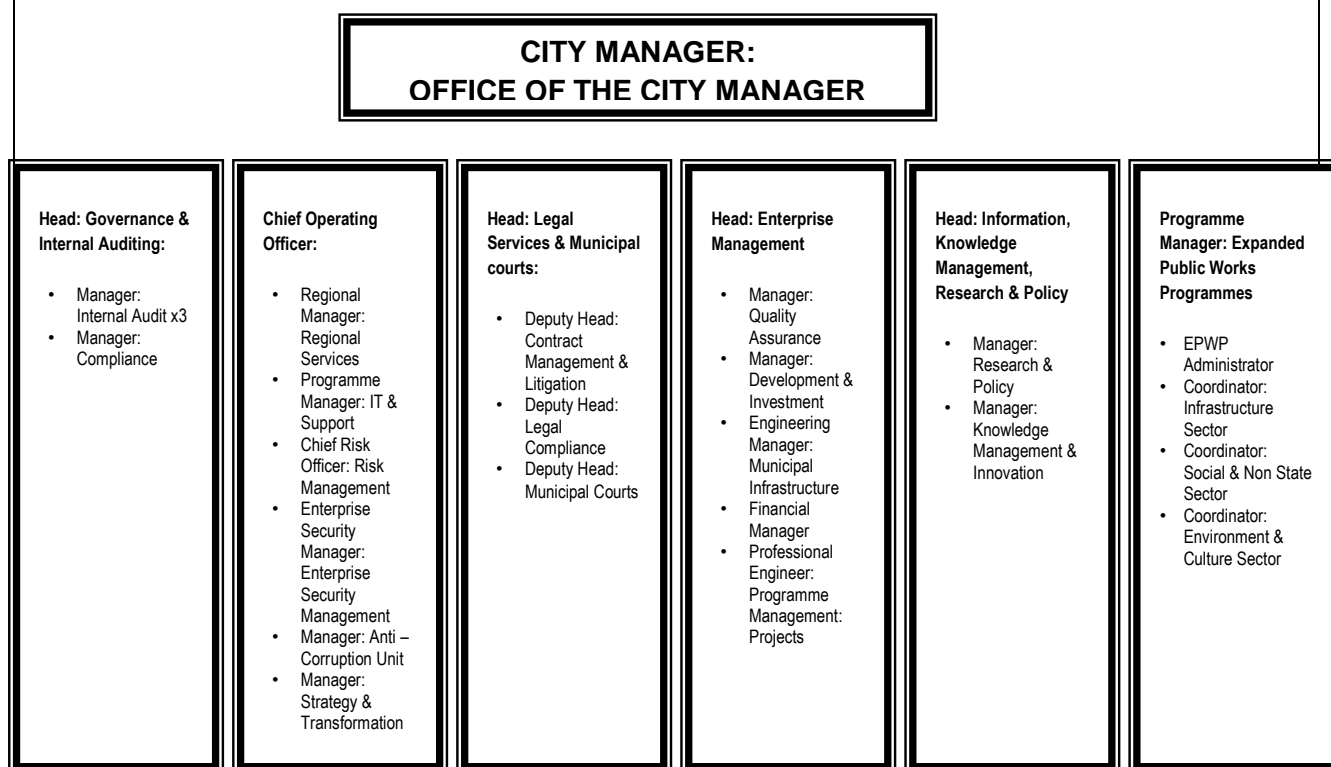


Figure 2: City Manager's Office

2.2.2 DIRECTORATE: EXECUTIVE SUPPORT SERVICES

The Directorate of Executive Support Services consists of the following Departments, namely:

- Sports Services & Special Programmes
- IDP, Budget Integration, GIS, Performance Management and IEMP & Sustainable Development
- Communication & Marketing, International and Intergovernmental Relations
- Political Office Administration
- Monitoring and Evaluation

Figure 3 details the organogram of the Directorate of Executive Support Services up to Management level.



Figure 3: Executive Support Services

2.2.3 DIRECTORATE: CORPORATE SERVICES

The Directorate of Corporate Services consists of the following Departments, namely:

- Human Resources Management
- Human Resource Performance and Development and
- Corporate Support Services

Figure 4 details the organogram of the Directorate of Corporate Services up to Management level.



Figure 4: Corporate Services

2.2.4 DIRECTORATE: DEVELOPMENT AND SPATIAL PLANNING

The Directorate of Development and Spatial Planning consists of the following Departments, namely:

- Development Planning
- Property Management
- Urban and Rural Regeneration
- Transport Planning & Operations

Figure 5 details the organogram of the Directorate of Development and Spatial Planning up to management level.

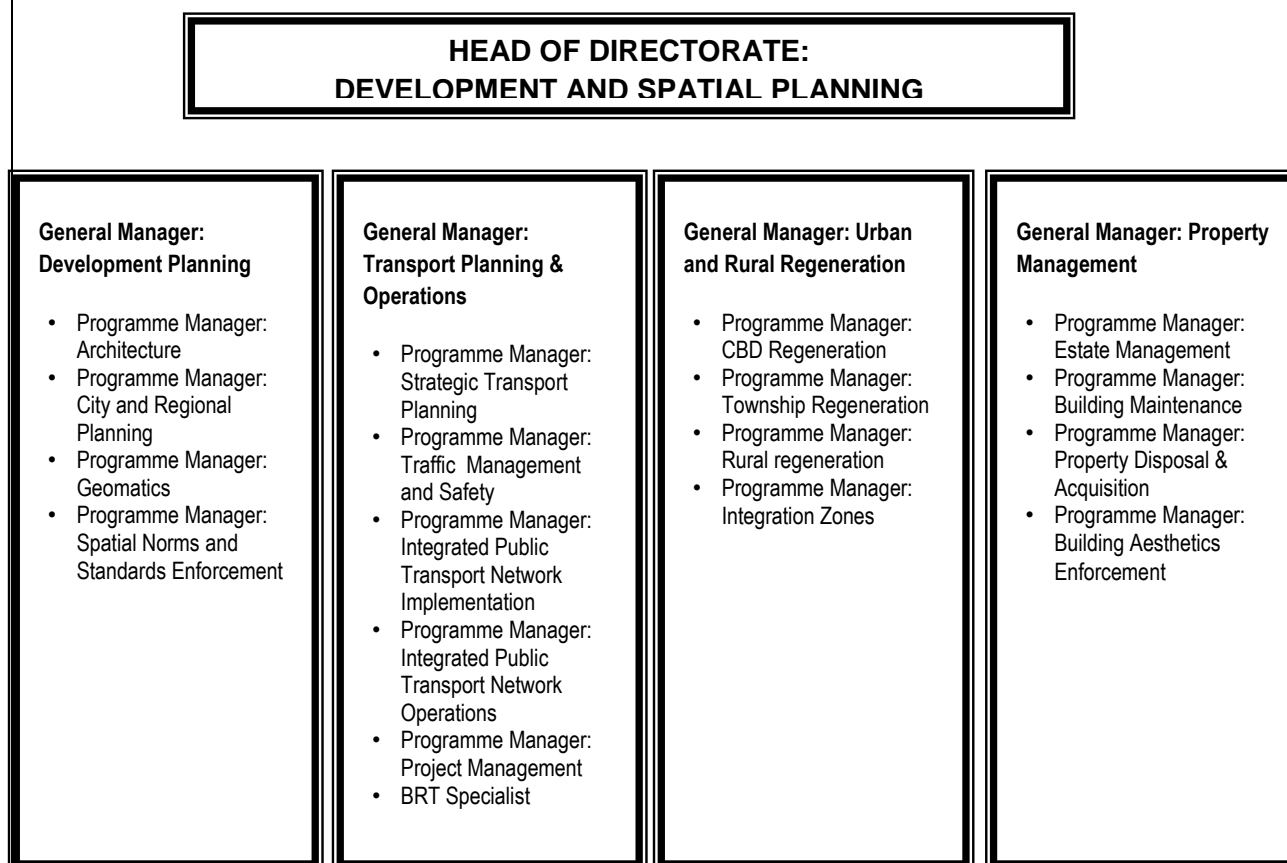


Figure 5: Development and Spatial Planning

2.2.5 DIRECTORATE: INFRASTRUCTURE SERVICES

The Directorate Infrastructure Services consists of the following Departments, namely:

- Water, Wastewater & Scientific Services
- Electrical & Energy Services
- Workshop, Plant and Fleet Services
- Roads, PIU and Construction

Figure 6 details the organogram of the Directorate of Infrastructure Services up to management level.

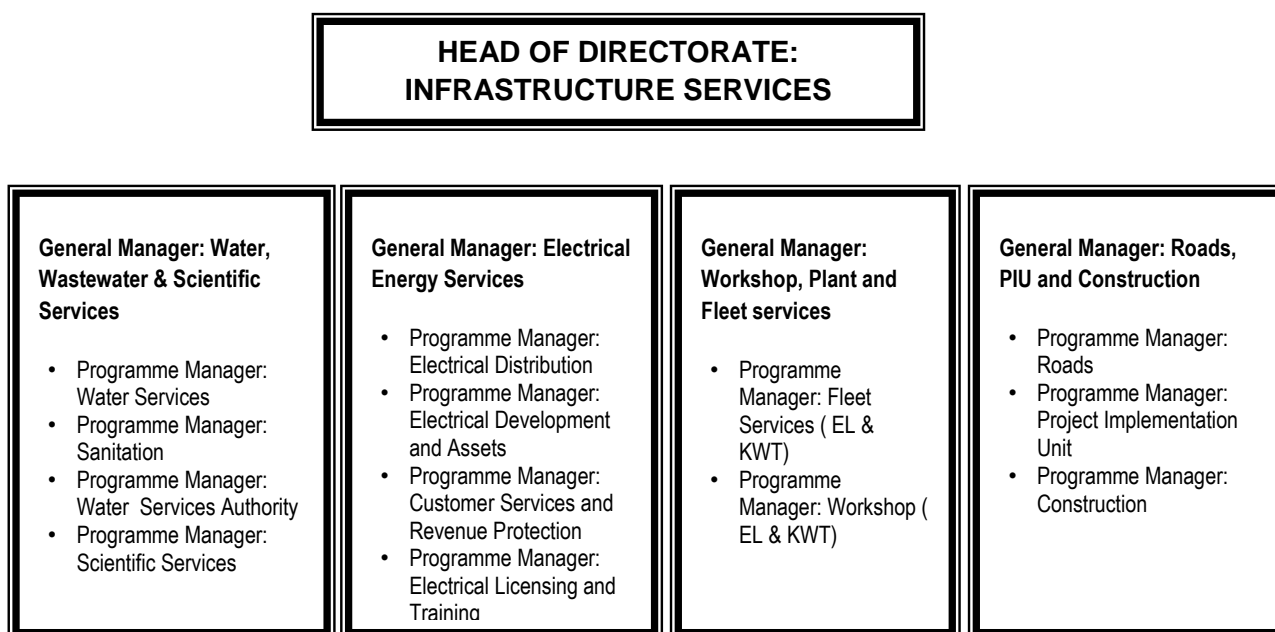


Figure 6: Infrastructure Services

2.2.6 DIRECTORATE: MUNICIPAL SERVICES

The Directorate Municipal Services only has the following Departments, namely:

- Solid Waste Management
- Environmental, Amenities & Arts & Cultural Services
- IEMP & Sustainable Development

Figure 7 details the organogram of the Directorate of Community Services up to management level.

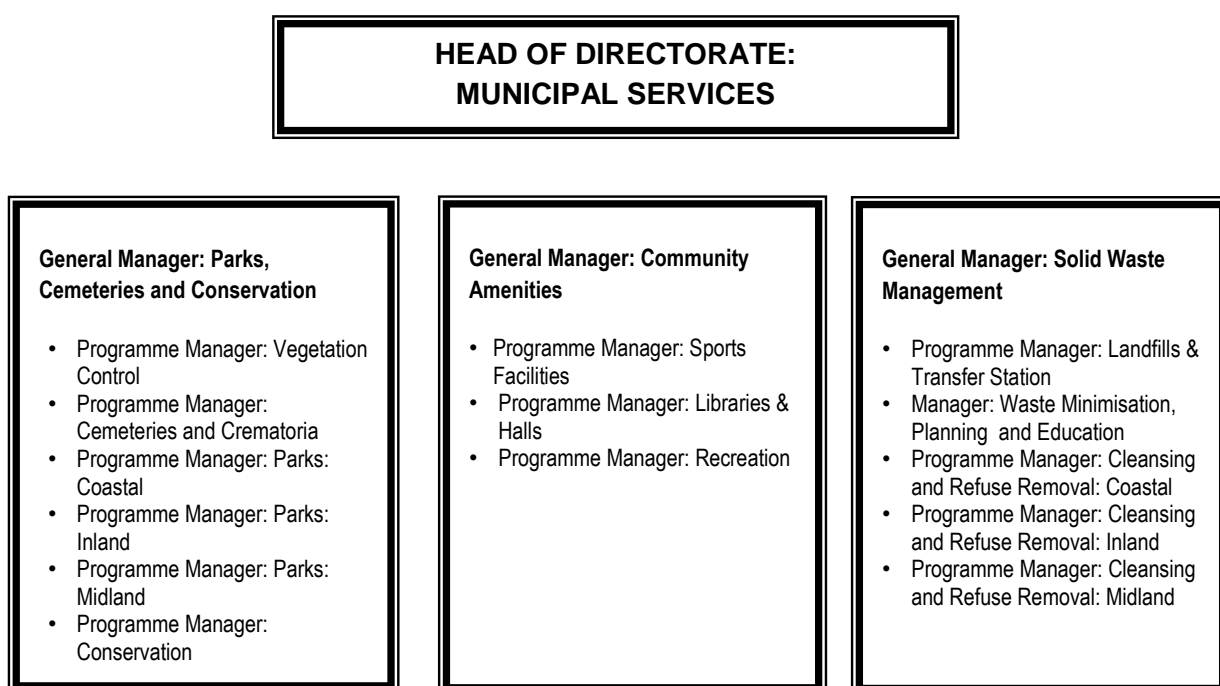


Figure 7: Municipal Services

2.2.7 DIRECTORATE: MUNICIPAL HEALTH, PUBLIC SAFETY AND EMERGENCY SERVICES

The Directorate Municipal Health, Public Safety and Emergency Services has the following Departments, namely:

- Municipal Health Services
- Public Safety and Protection Services
- Emergency Services

Figure 8 details the organogram of the Directorate of Municipal Health, Public Safety and Emergency Services up to management level.

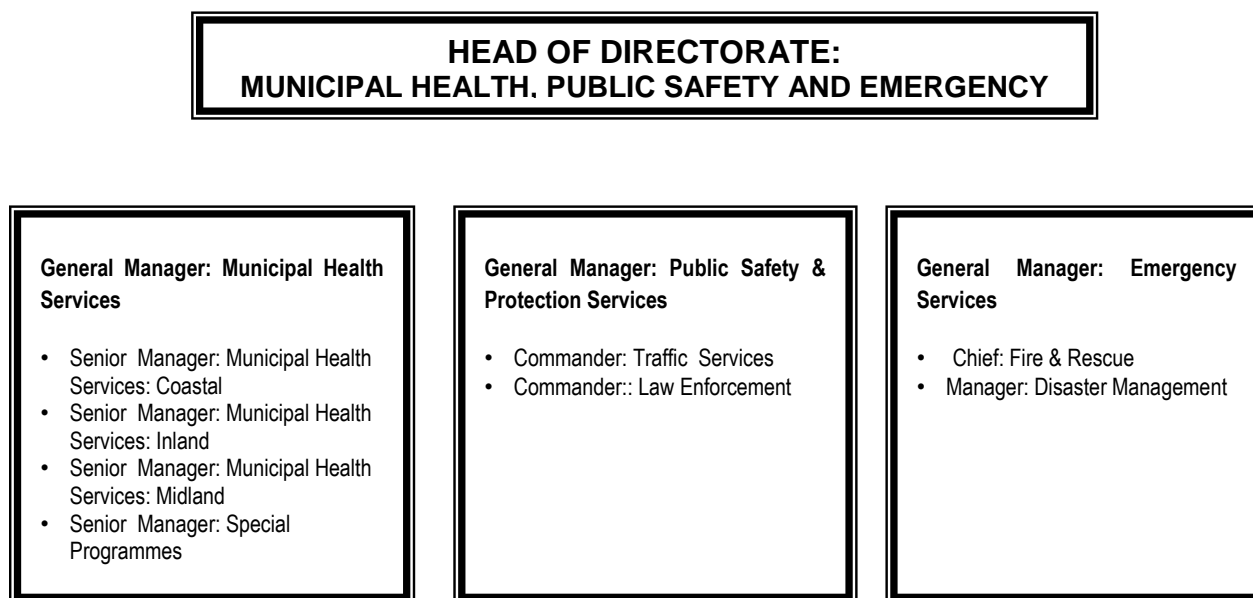


Figure 8: Health, Public Safety and Emergency Services

2.2.8 DIRECTORATE: FINANCE

The Directorate Finance consists of the following departments, namely:

- Strategy and Operations
- Revenue Management
- Financial Reporting
- Supply Chain Management
- Budget & Treasury
- Expenditure and Payments Management
- Corporate Asset Management

Figure 9 details the organogram of the Directorate of Finance up to management level.

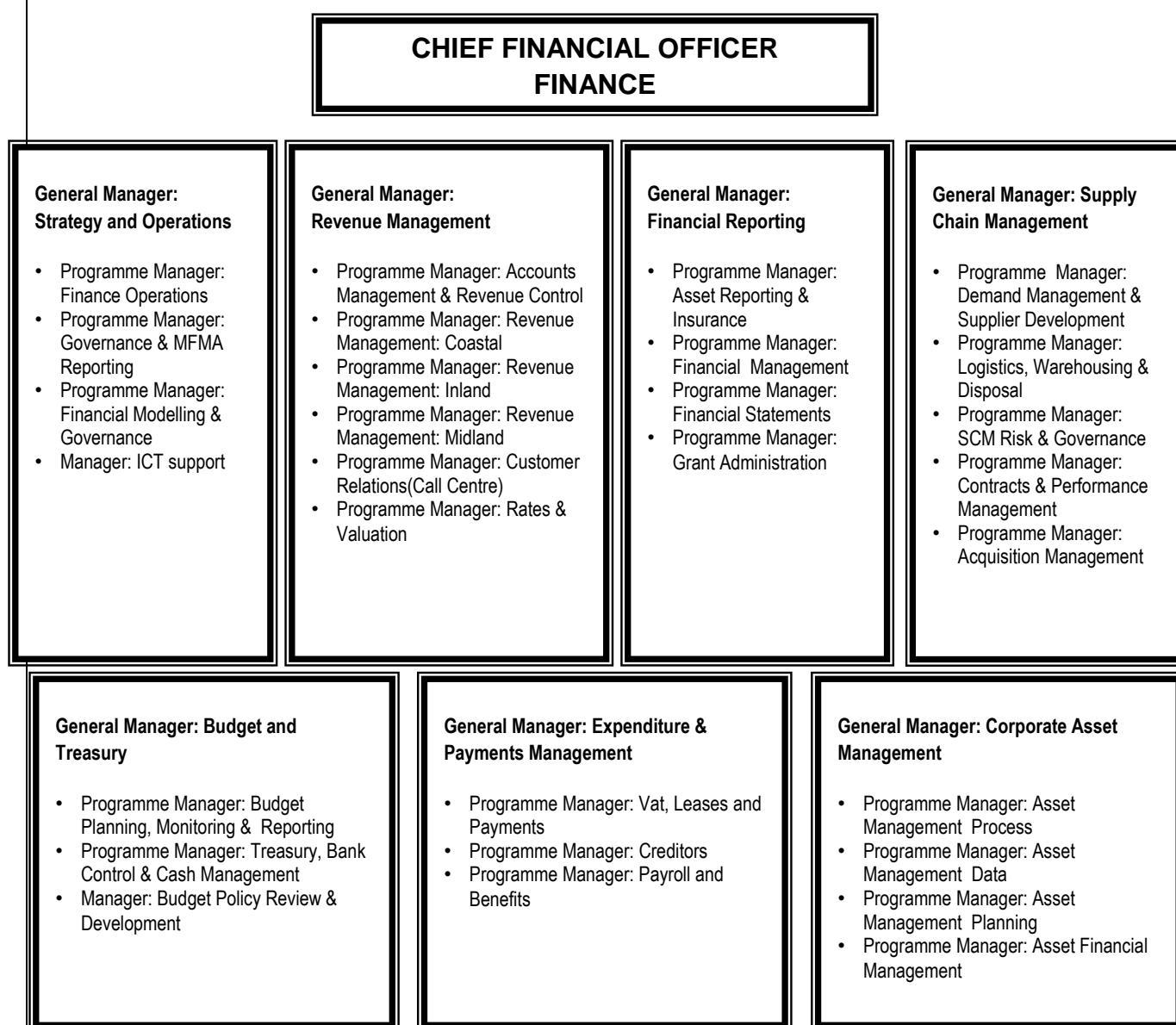


Figure 9: Finance

2.2.9 DIRECTORATE: HUMAN SETTLEMENT

The Directorate: Human Settlement consists of the following departments, namely:

- Housing Planning & Strategy
- Housing Delivery & Implementation
- Human Settlement Special Projects

Figure 10 details the organogram of the Directorate: Human Settlement up to management level.

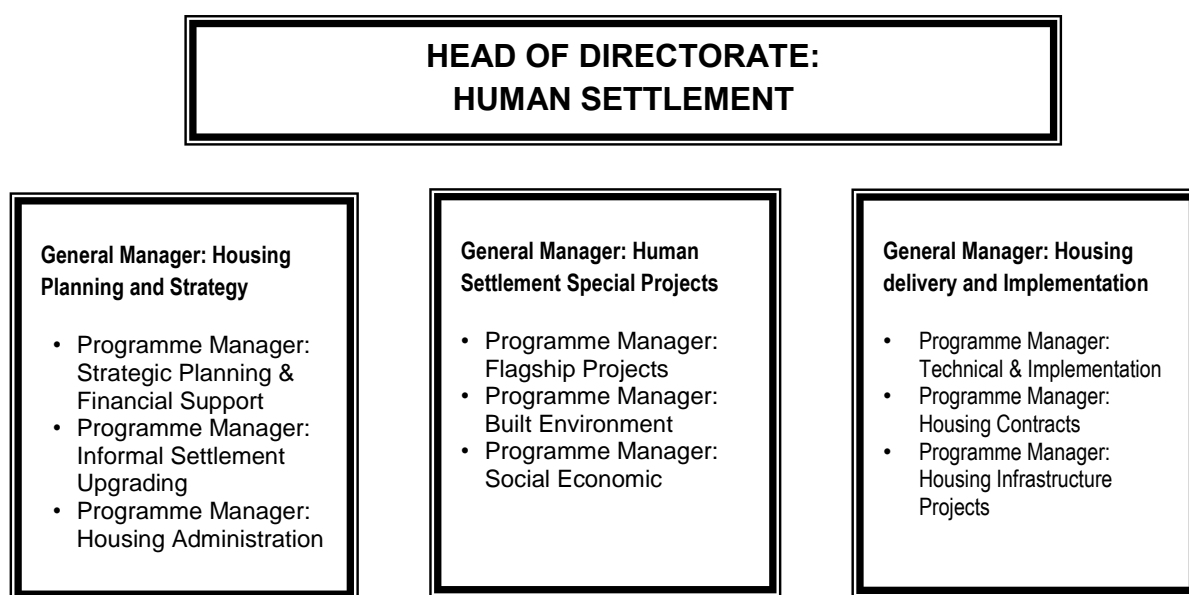


Figure 10: Human Settlement

2.2.10 DIRECTORATE: ECONOMIC DEVELOPMENT AND AGENCIES

The Directorate: Economic Development and Agencies consists of the following departments, namely:

- Fresh Produce Market
- Trade, Industry and Rural Agrarian
- Tourism, Arts, Culture and Heritage

Figure 11 details the organogram of the Directorate: Economic Development and Agencies up to management level



Figure 11: Economic Development and Agencies

T.2.2.1

TOP ADMINISTRATIVE STRUCTURE



Acting City Manager
Nceba Ncunzana

HEAD OF DIRECTORATES



Ms Noludwe Ncokazi
Acting Head Economic
Development and Agency



Mr Vuyani Lwana Acting Head
Municipal Health, Public Safety and
Emergency Services



Mrs Nonceba Mbali-Majeng
Spatial Planning and
Development



Ms Neo Moerane Acting
Head Municipal Services



Ms Ncumisa Sidukwana
Executive Support Services



Mr Sandile Booi
Acting Head Human Settlement



Mr Vincent Pillay
Chief Financial Officer



Mr Luyanda Mbula
Acting Head Infrastructure Services



Corporate Services
Mr Bob Naidoo

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Intergovernmental Relations Framework Act, 2005 (Act No.13 of 2005) has the prime objective, “to facilitate co-ordination by the three spheres of Government i.e., National, Provincial and Local Governments in order to implement policy and legislation. Buffalo City Metropolitan Municipality has the Intergovernmental Relations Forum, which is utilized as a mechanism to facilitate integration in planning, development and in enhancing service delivery. All stakeholders share information on integrated programmes and try to resolve development and service delivery challenges and maximize the use of resources. The Forum also allows for stakeholders to discuss developmental issues before becoming issues of conflict.

In the year under review, BCMM held the following IGR meetings to improve co-ordination and to enhance planning:

Meetings	Dates
BCMM Technical IGR Meeting	17 September 2015
BCMM Political IGR Meeting	14 October 2015
BCMM Technical IGR Meeting	11 March 2015
BCMM Political IGR Meeting	8 April 2015
BCMM Technical IGR Meeting	30 June 2015

T 2.3.0

Buffalo City Metro also has been actively participating in the Back to Basics Work-streams with the Department of Co-operative Governance, as well as the Provincial Technical and Political IGR Meetings held by the Eastern Cape Province. The holding of regular meetings has resulted in integration of projects and programmes into the BCMM Integrated Plan and is also influencing the participation and support of BCMM's Metro Growth Strategy and has strengthened BCMM's relations with other government departments.

NATIONAL INTERGOVERNMENTAL STRUCTURE

MuniMEC (National Ministers Provincial MECs)

MuniMEC are committees of Ministers and members of the Provincial Executive Councils, Metros and the South African Local Government Association (SALGA). The aim of MuniMEC is to improve co-ordination of their activities across all spheres of government. MuniMEC gives provinces and metros an opportunity to interact with relevant Ministers. Each MuniMEC focusses on specific sector areas such health, agriculture, education and housing. The City Manager or a delegated representative of the Metro attends the MuniMEC meetings.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Premier's Coordinating Forum (PCF)

The Premier's Coordinating Forum discusses issues of national, provincial and local interest. It also discusses issues raised by the President's Coordinating Council (PCC) and broader areas of policy, legislation, implementation, coordination, and alignment.

MuniMEC

The MuniMEC meeting is a quarterly session attended by Executive Mayors, Mayors, Speakers of the affected municipalities, traditional leaders, the South African Local Government Association (SALGA), Municipal Managers, representatives of sector departments and state-owned enterprises in order to thrash out issues of service delivery and learn best practices.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Operational policies are developed by the Executive Committee which is made up of the Chief Executive Officer, Chief Financial Officer and the Executive Managers for Development Facilitation and Corporate Services. These policies are then presented to a relevant board committee for discussion and recommendation to the board of directors for final approval. The board of directors, through its committees, monitors the implementation of these policies.

Furthermore, there are monthly financial reports and quarterly performance reports that are submitted by the CEO to the City Manager and these are complemented by regular meetings to ensure coordination of activities. In addition, the Executive Mayor convenes regular meetings with the Chairperson of the Board so as to keep abreast with the developments at the agency.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

Buffalo City Metropolitan Municipality is a Metropolitan Council and therefore District Intergovernmental Structures does not apply

T 2.3.4

INTERNATIONAL RELATIONS

Buffalo City Metropolitan Municipality participates in international programmes as part of and in line with South Africa's Foreign Policy. The Metro has the following activities with the following partners:

Partnership City	Country
City of Gävle	Sweden
City of Oldenburg	Germany
City of Jinhua	China
City of Leiden	Netherlands

City of Oldenburg, Germany

Model Energy Efficient Building

Buffalo City and the City of Oldenburg are part of the "50 Municipal Climate Partnerships by 2015" programme with the goal of strengthening partnerships between municipalities in Germany and municipalities from the Global South, which aim to pursue climate change mitigation and adaptation programmes. As part of the programme "a Model Energy Efficient Public Building" is being piloted in BCMM at the Beacon Bay Electricity Offices. The aim is to reduce the energy consumption of the building and also to monitor the consumption of energy. The project will also be able to showcase to schools and other interested parties how to reduce energy consumption and, at the same, time leave a minimal carbon footprint. The project was launched at the visit of the Deputy Prime Minister from Lower Saxony Province to the Eastern Cape as well as the Mayor of Oldenburg to Buffalo City from 17 to 23 October 2015. This project is also supported by the Swedish partner, City of Gävle.

City of Gävle, Sweden

a) Good Governance and Decision-Making Project

Buffalo City Metro and the City of Gävle have been co-operating on a Good Governance and Decision-Making project. The aim of the project is to improve governance and decision-making in both municipalities through the three-year project. This year was the final implementation of the project which focussed on improving public/private partnerships in order to improve financial viability of municipalities. The Good Governance project also offered an opportunity to discuss new project ideas such as the Youth project.

b) Youth Project

An application for a three year Youth project was approved in the financial year under review. The project objective is that “Youth are included in local democratic processes”. As Buffalo City Metro was preparing for local government elections, the first year of the youth project focussed on Youth election ambassadors in order to encourage youth to participate in the election process. The aim is also to review the BCMM Child and Youth Strategy. A Youth delegation from Gävle visited Buffalo City from 9 to 13 May 2016 and participated in a number of activities with the Special Programmes unit, Youth Council and Youth Co-ordinators.

c) Renewable Energy Pilot Project

The Renewable Energy Pilot Project was completed in December 2015. The areas of co-operation were on: Micro-Production, Grid-connected solar panels, Energy efficiency, Street Lighting and Network tariffs Characteristics. The result of the project has been the funding of solar panels for the Renewable Energy project at BCMM’s Electricity building. The aim is to improve the use of energy of the building, but also as a municipality to lead by example.

Participation in the South Africa-Sweden Bi-National Commission in October 2015

Buffalo City Metro was invited by the International Centre for Local Democracy (Sweden) to participate in the Bi-National Commission hosted by Honorable Deputy President Ramaphosa and his Swedish counterpart Honorable Deputy Prime Minister Romson. The aim of the Commission was to evaluate the current partnership activities of both countries and to discuss future co-operation between South Africa and Sweden. Buffalo City Metro and the City of Gävle, including two other local municipalities made contributions to furthering and improving local government co-operation between the South African and Swedish Municipalities.

Jinhua City, China

a) Jinhua Homestay Programme

Buffalo City Metro supported the participation of three students, Sinothando Adonisi, Buyiswa Xaba and Okuhle Tshijila to participate in the three-week Homestay Programme in Jinhua City, China. The project aims to promote an understanding of historical villages of Jinhua through the direct experience of local culture. The students had the opportunity to live in a traditional village for three weeks and to learn about traditional Chinese culture, historical architecture and folklore. The students were also taught various skills such as making handcrafts, playing Chinese traditional musical instruments, paper-cutting, making tofu, making rice wine, basket weaving and making traditional food such as dumplings. The students who participated in the exchange also provided a lot of expertise and skill to assist Jinhua in developing a homestay programme that will be marketed to all local and international visitors as a tourism product. This programme will influence BCMM in pursuing its own homestay programme for the city.

City of Leiden, Netherlands

a) Swimming Safety Project

The Swimming Safety project was initiated between Buffalo City Metro, the City of Leiden and the East London High Transmission Area for 30 children from the Isibindi Child and

Youth Care Centre in Duncan Village. It took place from 15 January 2016 to 5 February 2016. The aim was for a volunteer from the City of Leiden, Maarten Weeda, to provide lessons in water safety and swimming to underprivileged children of the Isibindi Child and Youth Centre for a two-week period in order to increase safety in the water. The City of Leiden also funded the costumes and swimming equipment for the programme. This programme provides an opportunity for a long-term swimming safety programme in BCMM to reduce the rate of drownings and increase the number of children who can swim.

Hosting of Ambassadors

In order to maintain and improve relations with foreign countries, BCMM hosted the following Ambassadors in the period under review:

Ambassadors	Dates of visit
Australian High Commissioner Mr Adam McCarthy	26 May 2015
Ambassador Mr Marcus Cornaro - European Union	6 April 2015
Consul General Mr Kang Yong – People's Republic of China	19 February 2015
Ambassador Ms M J Moreno-Merida – Venezuela	18 February 2015
French Consul Monsieur Xavier D'Argoeuves – France	2 November 2015
Honorary French Consul in East London – Mr Alain Viaene	2 November 2015

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The goal of the Buffalo City Metro for Good Governance and Public Participation is to realise a viable and caring institution which promotes and supports a consultative and participatory local government. This is in keeping with the current Municipal vision of: “A responsive, people-centre and developmental City”.

The following section outlines how BCMM fulfilled its vision in greater depth.

Civic Education was launched in February 2016 to:

- Inform and educate communities about Local Government issues.
- Empower communities with knowledge so that they can effectively participate in governance.
- Enable the communities to appreciate the values of dialogue, negotiation, compromise, tolerance, diversity, democracy, good governance, accountability, participation, rule of law and, in the end, promotes a culture of constitutionalism.
- Provide advanced responsible political participation including voting, working in consultation, contacting officials, lodging petitions, attending meetings and contributing to civic dialogues.

The Metro adopted a work plan in which all Directorates need to identify budget in 2016/2017 financial year for their civic programmes and develop a programme of action to cover all directorates.

The benefits of this programme will be to strengthen democracy and to advance the agenda of good governance and accountability.

T 2.4.0

COMMUNICATION, PARTICIPATION AND FORUMS

BCMM employs a number of public communication and participatory mechanisms in an effort to ensure that the citizens are well-informed and capacitated to optimally take part in municipal processes and programmes. Public communication methods which are utilised to inform the public include the municipal website, national, regional and community radio stations as well as the print media in the form of advertising in the local newspapers. Loud-hailing in communities and flyers/pamphlets are also utilised to mobilise members of the community to attend municipal-organised meetings and events, including the IDP/Budget road shows which are held throughout the municipality on an annual basis.

Some examples of public communication initiatives which were undertaken as part of IDP/Budget review process include the following:

Event / Item	Date of event /item	Date of advert
External Representative Forum meeting	19 August 2014	8 August 2014
Draft Process Plan 2015/16	1 August 2014	8 August 2014
Adoption of 2014/15 Process Plan	27 August 2014	5 September 2014
External Representative Forum meeting	13 March 2015	5 March 2015
Adoption of draft IDP 2015/16 (request for public comment advert)	25 March 2015	9 April 2015
IDP/Budget Road shows	8 - 24 April 2015	2 April 2015
Council Open Day	15 May 2016	13 May 2016

As can be seen in the table above, only two IDP/Budget/PMS External Representative Forum meetings were convened during the period under review. These were held respectively on 19 August 2014 and 13 March 2015. The IDP/Budget/PMS External Representative Forum constitutes a structure that institutionalises sectorial participation in the IDP/Budget/PMS development and review process.

The members of the IDP/Budget/PMS External Representative Forum include Organised Business, Government Departments, State-Owned Enterprises, Organised Labour, Faith-based Organisations, Traditional Leadership and the NGO sector.

IDP/Budget/PMS representative forum meetings are usually held during weekdays starting from 09h00 in the morning until 15h00 in the afternoon. The purpose of each meeting varies depending on the IDP/Budget review phase in which the meeting is held. However, in general, external representative forum meetings serve:

- To represent the interests of their constituents in the IDP process;
- To provide an organisational mechanism for discussion and consensus-building between the different stakeholders and the Municipal Government;
- To monitor the performance of the planning, implementation and review process; which ensures an efficient flow of information to and from stakeholder groups.
- To provide valuable and quality advice to the integrated development planning unit on how to improve annual review and assessment process of the IDP;
- To ensure effective community involvement through budget and ward-base planning initiatives with Ward Committees;
- To critically evaluate the impact of the current generation of the IDP on sustainable service delivery, infrastructure development, job creation and poverty eradication;
- To properly assess the influence of provincial and national policy frameworks on planning initiatives as guided by the IDP Unit;
- To provide technical assistance on the aligning and streamlining of initiatives by municipal entities, businesses, the provincial growth and development plan and the national spatial development perspective;
- To assist in identifying current and future strategic developmental opportunities in conjunction with Buffalo City Metropolitan Municipality.

Attendance at the forum meetings usually ranges between sixty (60) to one hundred and twenty (120) delegates per meeting. Regular groups which are represented at the meetings include organised business represented by the Border Kei Chamber of Business, Government departments, state-owned enterprises and civil society organs.

One of the methods used to improve the efficiency and effectiveness of the IDP/Budget/PMS External Representative forums was the introduction of the clustering approach. This was aimed at soliciting maximum input and participation by invited stakeholders at the forum meetings. In terms of the clustering approach each meeting would be organized into three clusters, namely: institutional and finance, infrastructure and spatial as well as the socio-economic cluster. The clusters are facilitated by designated facilitators from the various stakeholders who create a free and conducive environment for stakeholders to freely participate and feel that they own the process. Introduction of this new approach has vastly improved the efficiency and effectiveness of the forums.

T 2.4.1

WARD COMMITTEES

The goal of the Buffalo City Metro for Good Governance and Public Participation is to realise a viable and caring institution that promotes and supports a consultative and participatory local government. This is in keeping with the current Municipal vision to be: “A responsive, people-centred and developmental City”.

The following section outlines how BCMM fulfilled its vision in greater depth.

Civic Education was launched in February 2016 to:

- a) Inform and educate communities about Local Government issues.
- b) Empower communities with knowledge so that they can effectively participate in governance.
- c) Enable the communities to appreciate the values of dialogue, negotiation, compromise, tolerance, diversity, democracy, good governance, accountability, participation, rule of law and, in the end, promote a culture of constitutionalism.
- d) Provide advanced responsible political participation including voting, working in consultation, contacting officials, lodging petitions, attending meetings and contributing to civic dialogues.

The Metro adopted a work plan in which all Directorates need to identify their budgets in 2016/2017 financial year for their civic programmes and to develop a programme of action to cover all directorates.

The benefits of this programme will be to strengthen democracy and to advance the agenda of good governance and accountability.

Ward Committee structure is part of local governance and an important way of achieving the aims of local governance and democracy mentioned in the constitution. It is the appropriate channel through which communities can lodge their complaints and it is obliged to forward such complaints to the Council in the most appropriate manner. In a broader sense, a Ward Committee should be a communication channel for the entire community residing in that particular ward.

Ward Committees are meant to encourage participation by the community – their job is to make the municipal council aware of the needs and concerns of residents and to keep people informed of the activities of the municipal council.

Roles of ward committees

- They should increase the participation of local residents in municipal decision-making, as they are a direct and unique link with the council;
- They are representative of the local ward, and are not politically aligned;
- They should be involved in matters such as the IDP process, municipal performance management, the annual budget, council projects and other key activities and programmes as all these things impact on local people;
- Can identify and initiate local projects to improve the lives of people in the ward;
- Can support the Ward Councilor in dispute resolutions, providing information about municipal operations;
- Can monitor the performance of the municipality and raise issues of concern to the local Ward;
- Can help with community awareness campaigns e.g. waste, water and sewerage, payment of rates, as members know their local communities and their needs.

Ward Profiles

Ward Committees conducted Ward Profiling across all 50 BCMM Wards to help them understand more about their wards.

In February 2016, Ward committees were trained in report writing and minute taking to capacitate them on how to write reports and take minutes of the meetings effectively and efficiently with the aim of producing comprehensible and understandable reports that achieves results.

Civic Education

Civic Education was launched in February 2016 to empower communities with knowledge so that they can effectively participate in governance and also to encourage the

community to organise itself and be more effective in promoting local democracy and local development.

Ward Committee Meetings

Ward Committee meetings are held bi-monthly. The typical issues discussed at ward committee meetings relate to service delivery in the ward, such as housing projects, roads, water, schools, clinics etc. The committee also discusses specific requests for assistance from the community, for example, the filling of potholes or the erection of street signs.

Summary of Ward Committee Meetings

Term	Ward Committee meetings	Ward Public Meetings
1 st Quarter	27 out of 50 held their ward committee meetings	25 ward public meetings out of 50 were held.
2 nd Quarter	32 out of 50 Ward committee meetings	22 ward public meetings out of 50 were held.
3 rd Quarter	18 out of 50 Ward committee meetings	13 ward public meetings out of 50 were held
4 th Quarter	21 out of 50 ward committee meetings	11 ward public meetings out of 50 were held.

T 2.4.2

PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrator	Number of community members	Issue addressed (Yes/No)	Dates of manner of feedback given to community
Ward Committee meeting	Bi-monthly	Ward Councilor/PR Councilor	1 & invited officials when there is a need e.g. explanation of a project	10	Yes	Public meetings/Area meetings, Mayoral outreach, IDP & BUDGET Roadshows, Council Open Day
Public meetings	Quarterly	Ward Councilor, PR Councilor.	1 Community Facilitator and invited service delivery related officials	All	Yes	Public meetings/Area meetings, Mayoral outreach, IDP & budget roadshows, Council Open Day
Mayoral Imbizo	22 October – 1 November 2015	100	All	All	Yes	-
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilor	Number of Participating Municipal Administrator	Number of community members	Issue addressed (Yes/No)	Dates of manner of feedback given to community
World AIDS Day	5 Dec 2015	100	All	All	Yes	-
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilor	Number of Participating Municipal Administrator	Number of community members	Issue addressed (Yes/No)	Dates of manner of feedback given to community
16 days of activism targeting Iboma (Initiation programme)	9 Dec 2015	100	All	100	Yes	Committee meetings; Forum meetings & Public meetings
IDP & Budget Roadshows	4 April -16 May 2016	100	All	All	Yes	17/05/2016 Council Open Day; Public Meetings
Council Open Day	17 May 2016	100	All	500	Yes	-
State of the Metro Address	22 June 2016	100	All	500	Yes	-
T 2.4.3						

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The Municipality makes more appropriate decisions based on the priority needs of the community.

Community ownership is promoted so as to instill hope, as members own their projects and become part of the solution. The concerns and inputs of the community with regard to service delivery, general development of the community, disaster management and any other community concern are recorded. Councilors provide feedback from the Council to their communities on issues that affect them, as well as community concerns back to the municipality.

Public meetings assist the municipality in deciding on which services to develop and improve. Public meetings are held in compliance with legislative imperatives such as Section 16, Subsection 1(a)(i) of the Local Government Municipal Systems Act, 2000, which stipulates that “a Municipality must encourage and create conditions for the local community to participate in the affairs of the Municipality”, including in *“the preparation, implementation and review of its Integrated Development Plan”*.

One of the key benefits of convening public meetings is that BCMM complies with all legal prescripts which require public participation. Secondly, public participation helps in informing planning and budgeting of the municipality which ensures that programmes and projects respond to the needs of communities thus also creating a sense of ownership on the part of communities.

Such meetings also serve as platforms for the dissemination of information on municipal programmes and the sharing of ideas which help in informing community members and empowering them to participate. Sharing or dissemination of information through these meetings also helps in minimizing the number of service delivery protests that are a result of poor communication.

It is also through public meetings, in particular the external representative forum meetings that BCMM is able to engage with relevant stakeholders and to forge partnerships which help the socio-economic development of the metro. A case in point has been the

development of the Metro Growth and Development Strategy through a participatory process, which is owned by all key stakeholders.

Major Issues Dealt with by the Ward Committee System

The following key issues were addressed through the ward committee and public meetings:

- Ward issues raised in the ward committee meetings pertaining to the service delivery issues per ward e.g. streetlights, potholes, solid waste
- The playing of an oversight role on behalf of communities over service provisions assisting Ward Councilors in their locality
- Participating in project steering committees for projects implemented within their wards.
- Reporting service blockages to relevant departments in the municipality with the assistance of the ward Councilor, for example functional street lighting, potholes, storm water drain etc.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
IDP Participation and Alignment Criteria*	Yes/No
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance involves a set of mechanisms, relationships and processes between government management, shareholders and stakeholder. Corporate governance also provides the structure through which the objectives of the institution are set and means of attaining such objectives and monitoring performance are determined. This is done in a manner that creates a balance between the sometimes conflicting interests of the Stakeholders.

Good Corporate Governance is fundamentally about improving transparency and accountability within the existing systems which promotes trust between the communities and government. The Local Community needs to trust that their Municipality and Municipal management will do what is in their best interest and on the other hand Municipal Management must listen to what its communities need through the Public Participation programs. Connecting corporate governance with legislative risk management is important as guidelines to operate within the parameters of legislation.

T 2.6.0

2.6 RISK MANAGEMENT

Risk Management is a statutory imperative which must be complied with. The Municipality is therefore required by law to develop proper systems of risk management for purposes of mitigating further risk, and also to encourage and promote a risk management culture in the institution. A risk framework is in place as a tool by which risks are assessed and reported, among other things.

The Service Department's role is to identify risks and mechanisms to mitigate the risks within the institution. What follows below are the top 5 risks which have been identified by the Risk Committee.

	Departmental Reference	Risk Type	Risk Category	Cause of Risk	Consequence of Risk
1	Spatial Planning and Development	External	Service Delivery	State owned land.	Illegal land invasion Impeding development.
2	Community Services	External	Social Environment	The Legal Waste Management Requirements, which prescribe minimum of a 600 metre buffer zone from the residential area, air dispersion modelling and health impact assessment prior the development of the site.	Time taken from the furthest service point to the disposal site and also negative impact on the condition of the trucks.
3	Community Services	Internal/ External	Integrated Environmental Services	Climate Change.	Negative financial impact due to disasters.
4	Financial Services	Internal	Financial	Lack of service delivery business plans submissions that are long-term orientated.	Uncoordinated infrastructure development and provision of services. Aging infrastructure development.
5	Engineering Services	Internal	Loss/theft of assets/vandalism	Inadequate security. Inadequate oversights and internal controls. Service delivery protests.	Loss of revenue.

T 2.6.1

FRAUD AND ANTI-CORRUPTION STRATEGY

The BCMM Top Management adopted a Fraud Prevention Strategy in 2012. Subsequent to that, a roll-out plan was adopted which inter alia entailed the implementation of a Fraud Hotline. An external service provider was appointed by Buffalo City to administer the Fraud Hotline. From the establishment of the fraud hotline, reports on complaints received were submitted to the Audit Committee, however not all the outcomes of the subsequent investigations were reported to the Audit Committee. The Audit Committee then resolved that it be provided with the status quo of the cases/investigations that were previously reported on fraud hotline.

The Internal Audit Unit has issued a tender for the appointment of investigators, to complement the process and enhance the effectiveness of the process. It is envisaged that once these independent investigators have been appointed, they would be referred some cases being reported through Fraud Hotline. This is to uphold objectivity as previously the complaints were referred to the Departments to investigate them further. This in a way defeated the purpose of the Fraud Hotline which is to expose abuse of office in any form. In appropriate cases, depending on the outcomes of investigations, matters will be referred to the Police progressively.

From the establishment of the fraud hotline, reports on complaints received were submitted to the Audit Committee, however not all the outcomes of the subsequent investigations were reported. The Committee has requested an update on the status of the complaints received from the Fraud Hotline. These complaints have been referred to various Directorates within the institution. The information had to be collated from the Directorates in order to prepare an adequate report for the Audit Committee. A spreadsheet on this aspect is submitted only to the Committee members owing to the confidential nature of the information. The Audit Committee resolved that further on, finalized matters not be reported on and narrative be provided only on cases that are still pending.

From the feedback it does appear that some of the incidences have been dealt with to closure whilst there are some which, for various reasons have not yet been finalized. It is the intention of administration to follow up on all those that have not been promptly dealt with, to ensure that accountability and transparency is maintained and the objectives of the Fraud strategy are supported and championed by administration.

Buffalo City Metropolitan Municipality is still in the process of procuring a new service provider for the administration of the Fraud Hotline for a year. However, the institution intends to procure these services on a longer term basis for the effectiveness and impact of the system, rather than on an ad-hoc basis, as is currently happening. This present procurement should be finalized soon. Also, to assist on the roll-out plan, the assistance of the Labour Relations Department of the municipality is being sourced so that the strategy and the hotline services are cascaded to employees at all levels.

The Buffalo City Metropolitan Municipality's Audit Committee recommendations for year 2015/2016 are set out at **Appendix G**.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

BCMM SCM system is premised on section 217 of the SA Constitution, which must be fair, equitable, transparent, competitive and cost-effective.

BCMM SCM Policy is reviewed annually as per section 3 of the MFMA: SCM regulations and was last reviewed and adopted by Council 30 September 2015, and complies with the prescribed framework as set out in section 112 of the MFMA and the implementation checklist as set out in circular 40 of the MFMA.

BCMM: SCM department is constituted in line with the SCM system and comprises of:

- Demand Management and Supplier Development Section
- Acquisitions Section (Buying and Contracts)
- Logistics, Warehouse and Disposal Sections
- Risk and Compliance Management Section and Contracts
- Performance Management Section

BCMM:SCM system uses quotation and open bid procurement processes to source goods and services required for service delivery by the institution, and has awarded both the quotations and tenders to the values of R79 793 311,36 and R798 578 919,81 respectively, in the 2015/2016 Financial Year.

Quotations awarded by the Supply Chain Management System in 2015/2016

Month (2015/2016)	From R1- R2000			From R2001 - R10 000			From R10 001 - R30 000		
	Amount in Rands	Number of Transactions	Average	Amounts in Rands	Number of transactions	Average	Amount in Rands	Number of transactions	Average
July	R 125 329.66	102	R 1 229	R 277 598.0	55	R 5 047	R 1 555 135.96	71	R 21 903.32
August	R 297 135.89	228	R 1 303	R 716 522.3	137	R 5 230	R 3 308 545.97	163	R 20 297.83
September	R 295 791.18	248	R 1 193	R 835 366.6	150	R 5 569	R 5 022 261.39	219	R 22 932.70
October	R 154 709.69	110	R 1 406	R 656 241.6	112	R 5 859	R 4 373 805.06	208	R 21 027.91
November	R 560 934.58	461	R 1 217	R 1 371 839.5	271	R 5 062	R 6 382 972.51	301	R 21 205.89
December	R 296 015.56	215	R 1 377	R 1 071 899.4	213	R 5 032	R 5 637 171.90	248	R 22 730.53
January	R 423 751.22	360	R 1 177	R 925 462.8	186	R 4 976	R 4 214 892.27	200	R 21 074.46
February	R 525 762.49	430	R 1 223	R 1 228 447.5	236	R 5 205	R 6 559 511.32	305	R 21 506.59
March	R 384 613.70	318	R 1 209	R 991 988.6	200	R 4 960	R 5 339 682.48	271	R 19 703.63
April	R 254 462.75	191	R 1 332	R 728 083.3	131	R 5 558	R 5 209 232.83	235	R 22 166.95
May	R 537 825.84	439	R 1 225	R 1 229 091.7	251	R 4 897	R 9 036 088.06	387	R 23 349.06
June	R 294 875.98	241	R 1 224	R 873 442.5	208	R 4 199	R 8 096 818.79	374	R 21 649.25
Total	R 4 151 208.54	3343	R 1 260	R 10 905 984.2	2150	R 5 133	R 64 736 118.54	2982	R 21 629.01

Tenders awarded by the Supply Chain Management System in 2015/2016

Financial Year	Type of contract	1 st quarter	2 nd quarter	3 rd quarter	4 th Quarter	Total number
2015/16	Informal contracts	21	52	57	78	208
	Formal	1	5	-	14	20

Financial Year	Type of contract	1 st quarter	2 nd quarter	3 rd quarter	4 th Quarter	Total number
	contracts					
	Annual contracts	1	4	-	7	12
	Total number	23	61	57	99	240
	Total value	R6 236 327.62	R115 663 308.99	R 6 014 661.45	R670 664 621.75	R798 578 9198.81

Notable achievement and improvements made in the Supply Chain System

- Installation of an access thumb print in strategic areas within the department in order to monitor and restrict access
- Implementation of Vendor Portal Database system for registration of suppliers
- Training of buyers on E-procurement quotations system
- Reconfiguration of bid committee system, increasing from three to six, with additional secretariat
- Testing of tender management and contract management modules in preparation for a full roll out in 2016/2017
- Adoption of an SCM Policy with Chapter 3 on Promotion of Black Economic Empowerment through procurement strategies
- Adoption of Contractor Development Management Programme by Top Management
- Completion of National Treasury minimum competency requirements modules by all SCM management staff
- Advertising and filling of vacant funded posts in the department
- Regular identification and reporting of irregular and unauthorized expenditure
- Scanning and Archiving of all awarded contract documents

Challenges at Supply Chain Management Department

- Vacant unfunded posts in the department in critical areas
- Slow turnaround on awards of quotations and tenders
- Slow buy-in to procurement planning as the first stage of demand management
- Poorly-developed suppliers within BCMM database
- Semi-automated and/or manual procurement processes
- Performance and Contracts Management not optimal within BCMM

- Undetected instances of unauthorized, irregular, fruitless and wasteful expenditure and lack of policy
- Continuous trading with suppliers in the services of the state
- Implementation of procurement strategies to address black economic empowerment goals
- Inadequate storage space for disposal and warehousing functions

Remedial Actions

- Extension of stores warehouse budgeted for 2016/2017 to increase storage capacity
- Initiating collaboration between BCMM SCM and Economic Development, DTI and Government School to train and capacitate suppliers
- Appointed a Manager on EPWP to leverage opportunities presented by procurement and related programmes in order to benefit communities
- All BCMM trading to be performed through National Treasury Central Database as from July 2016 in order to eliminate trading with undetected employees of the state.
- Developing a policy and procedure on detecting, identifying and reporting of unauthorized, irregular, fruitless and wasteful expenditure for adoption by Council in 2016/2017
- To prioritise vacant unfunded critical posts in order to address the challenge until funding is secured in order to augment Performance & Contracts Management as well as Demand Management, for improved procurement planning and contracts performance
- To implement the tender management and contract management modules on E-procurement in 2016/2017
- To monitor, direct and regularly report on the turnaround times for awards in order to improve service delivery

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 2015/2016					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	By-Laws Gazetted
Dilapidated Buildings and Unsightly Neglected Structures & Property By-Law	N/A	No	Still to go for public participation	No	N/A
Disaster Management By-Law	N/A	No	Still to go for public participation	No	N/A
Events By-Law	N/A	No	Still to go for public participation	No	N/A
	Parking By-Law	No	Still to go for public participation	No	N/A
Arts, Culture and Heritage Facilities By-Law	N/A	No	Still to go for public participation	No	N/A
	Beaches and Shoreline	No	Still to go for public participation	No	N/A
	Informal Trading	No	Still to go for public participation	No	
	Advertising Signs and the Disfiguring of the Fronts and Frontages of Streets	No	Still to go for public participation	No	N/A
T 2.9.1					

COMMENT ON BY-LAWS:

Section 156 (2) of the Constitution provides that a municipality may make and administer by-laws for the effective administration of the matters, which it has the right to administer. This authority is also provided for in Section 11 (3) (m) of the Municipal Systems Act, 32 of 2000, as amended (the MSA), which gives Executive and Legislative authority to council of the municipality to pass by-laws. The council must ensure public participation, subject to Section 12 (3)(b) of the MSA which provides that no by-law may be passed by a municipal council, unless the proposed by-law has been published for public comment in a manner that allows the public an opportunity to make representations with regard to the proposed by-law. This exercise is also echoed in Section 160 (4) (b) of the Constitution which emphasizes that no by-law may be passed by a Municipal Council unless the proposed by-law

has been published for public comment. Section 13 of the MSA provides for the publication of a by-law in the Provincial Gazette after being passed by a municipal council. The enforcement of the new by-laws, as captured in the table on By-Laws will be ensured by the Directorates in respect of which the bylaws relate. Legal Services and the Knowledge Management Unit of the municipality assist with the drafting, development and archiving of the code of By-Laws as envisaged in the regulatory framework. Also, in the new organogram municipal courts have been included and their establishment will assist in strengthening the enforcement aspect and facilitating the effectiveness of the management of By-Laws.

T 2.9.1.1

2.10 (A) WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's/ Entity's Website	Yes/No	Publishing Date
Current annual & adjustment budgets and all budget-related documents	Yes	21.06.2016
All budget-related policies	Yes	21.06.2016
The previous annual report *The draft 2014/2015 Annual Report appears on the website under Documents	Yes	21.06.2016
The annual report (2013/2014) published/to be published	Yes	03.09.2015
All current performance targets required in terms of section 57(1)(b) of the municipal systems act and resulting scorecards *This appears on the SDBIP folder under Documents	Yes	19.02.2016
All service delivery agreements *This appears on the SDBIP folder under Documents	Yes	08.07.2015
All long-term borrowing contracts *These appear on the Website under Documents	Yes	12.03.2016
All supply chain management contracts above a prescribed value (give value) for Year 2015/2016	Yes	12.03.2016
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the year *Asset and Risk confirmed that no assets were disposed of in the 2015/2016 financial year	No	None
Contracts agreed in 2012/2013 to which subsection (1) of section 33 apply, subject to subsection (3) of the section	No	None
Public-private partnership agreements 2015/2016 referred to in section 120 *These appear on the Website under Borrowing Contracts	No	None
All quarterly reports tabled in council in terms of section 52(d) during Year *These appear on the SDBIP	Yes	03.05.2016
T 2.10.1 - A		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The information is available on the municipal website; however there are challenges with the terminology which we are working on.

The Communications Department sends out alerts to all staff through the Newsflash that they need to submit all documents for Website updates

T 2.10.1.1 - A

2.10 (B) INFORMATION AND KNOWLEDGE MANAGEMENT, RESEARCH AND POLICY

The Information and Knowledge Management, Research and Policy Unit is responsible for co-ordinating and facilitating four core functions at BCMM, i.e. Information Management, Knowledge Management, Research and Policy.

The 2015/2016 Financial Year saw the following notable achievements by the IKM, Research and Policy:

1. Harvesting of BCMM's Ward Councillors' institutional memory from 2011 to 2016

With the current term of Councilors' ending in 2016, in line with Knowledge Management Competency, it was felt that it would be advantageous to Buffalo City Metropolitan Municipality (BCMM) to capture the institutional memory of all the outgoing Ward Councillors in all 50 BCMM Wards, showcasing all the milestone achievements, challenges and lessons learnt from 2011 to 2016.

This initiative represents the first such exercise by any Metropolitan Municipality in South Africa.

It was against this backdrop that the project of Harvesting of the Institutional Memory of BCMM's Ward Councillors documentation process was initiated, with the following objectives:

- The development of a coherent baseline or background resource for the incoming post-2016 political representatives upon which to base their own work in their term of office, and to ensure that there is no need to **“reinvent the wheel”** in starting afresh by the new BCMM Council, with the documentation serving as a crucial learning tool for the new BCMM Council;
- To serve as a resource for the purposes of monitoring and evaluation of projects and programmes in each BCMM Ward, and to provide a mechanism for the BCMM Ward Councillors and BCMM to account for their performance over the past 5 year period; and
- To capacitate and empower new BCMM Ward Councillors on entering office, in an effort to ensure a smooth transition between the outgoing and new BCMM Council.

The documentation process was approached as follows:

i) Consultations

The necessary support and buy-in was sought from the BCMM Speaker's Office, with the proposal being well appreciated by the Speaker and other political office bearers. Other relevant departments, including the Public Participation and Communication departments, were also consulted due to their regular interactions with Ward Councillors.

ii) Mobilisation

The consent of all the BCMM Ward Councillors was requested through the Office of the BCMM Speaker and all were notified of the documentation exercise and subsequently reminded during BCMM Council meetings.

The BCMM Ward Councilors were clustered as follows:

- Inland Cluster: Ward Councilors in King Williams Town and surrounding areas;
- Midland Cluster: Ward Councilors in Mdantsane and surrounding areas; and
- Coastal Cluster: Ward Councilors in East London and surrounding areas

The Public Participation Department, where funding had been identified, was tasked with securing the venues for the interviews, transportation and refreshments. The Communications Department was tasked with securing Passport Size Photos of all the BCMM Ward Councilors. The IKM, Research and Policy Unit was tasked with conducting the interview process, transcribing the interviews and the final write-up.

iii) Interview Process and Write up

During the interview process each BCMM Ward Councillor was asked the following questions:

- i. Briefly tell us about yourself, the Ward you represent and when did your term of office started (May 2011 to May 2016)?
- ii. What was your mandate when you came into office and what is it that was achieved and what was not?
- iii. What challenges, problems, and setbacks did you encounter during your term in office? (Lesson learned or best/better practice) Have there been protests during your tenure and what were the reasons for them?
- iv. What would you say is the most important thing that should be done by the next elected BCMM Ward Councillor for this community? What are your suggestions/recommendations for the progress of this Ward?

All Ward Councillors who came to the designated interview venues were interviewed, and data was captured by means of an ordinary tape recorder and also a digital voice recorder. Appointments for those Ward Councillors who could not be interviewed then, were rescheduled at their earliest convenience and data was captured.

All the recorded interviews were firstly transcribed verbatim and then translated into English if necessary. The transcriptions were then analysed accordingly and then reflected in the write-up report. Planning and monitoring tools/documents that included the IDP documents and their respective Annual Reports for the period 2011-2016 financial years were consulted in an effort to verify and validate the accuracy of the collected data.

Product of the Project

The project resulted in the publication of a bound document (Report) reflecting the collated Institutional Memory of all Ward Councillors as per the information obtained during the interview process; where the bound document (report) reflects for each Ward within BCMM, a brief profile of the Ward Councillor, Ward demographics, the mandate of the Ward Councillor, the achievements to date and the challenges affecting the Ward. Each Ward narrative concluded with recommendations and suggestions from the Ward Councillor.

2. Case Documentation: Informal Settlements Upgrade and Best Rural Human Settlements: Towards Best Practice

The IKM, Research and Policy Unit facilitated and coordinated a Case Documentation exercise on those BCMM Human Settlement Projects that won Govan Mbeki Human Settlement Awards for best informal settlement upgrade (Second Creek), which won both provincial and national awards and best rural human settlement project (Rural Storm Damaged Housing Project) which won the Eastern Cape Provincial Award.

This project focused on documenting the interventions by BCMM to improve the lives of:

- Residents of the Second Creek Informal Settlement adjacent to the Second Creek Tip Site by providing them with houses to replace the shacks in which they had previously resided; and
- Those residents across 66 villages whose houses had been destroyed by storms over a ten-year period, by providing them with solid houses to replace their storm-damaged houses.

This Case Study assessed the Best Practice Status of the BCMM interventions in terms of efficiency, effectiveness, ethical soundness, sustainability, partnerships, community participation, political commitment, and lessons learnt, and concluded that on the whole, the interventions could be considered as Good Practice.

T 2.10.1 - B

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

As a Customer Satisfaction Survey was last conducted in BCMM in 2006, due to financial constraints, recent up to date information on public satisfaction levels is unavailable. The Information and Knowledge Management (IKM), Research and Policy Unit, has however now, sourced a Service Provider, through the BCMM SCM processes, to conduct a Customer Satisfaction Survey, and to develop a Customer Care Strategy and Service Delivery Charter for BCMM, as a two-year project, starting in the 2015/2016 financial year and concluding in the 2016/2017 financial year.

A Service Provider was thus appointed in May 2016 to conduct a Customer Satisfaction Survey, focusing of residents, BCMM officials and Councilors as well as businesses operating in the BCMM area of jurisdiction, and to develop a Customer Care Strategy and Service Delivery Charter for BCMM. To date, a Project Steering Committee (PSC) has been established, and two meetings held. By the end of the 2015/2016 Financial Year, the Service Provider had completed and submitted the Inception, Mobilisation, Public Participation Plan Report, and presented it to both the Project Steering Committee (PSC) and Top Management. The project is expected to be completed by April 2017, when BCMM would then have a clear understanding of the levels of satisfaction in the Metro.

T 2.11.1

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:				
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				
<p>* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory</p> <p>Note: The information required in this table could not be provided as no Surveys were undertaken either during Year -1 or Year 1. The last Customer Satisfaction Survey was conducted in 2006, due to financial constraints. .BCMM is however currently in the process of undertaking a Customer Satisfaction Survey, with completion scheduled for April 2017</p>				

T 2.11.2

COMMENT ON SATISFACTION LEVELS

YOU ARE IMPORTANT

BCMM will launch its **Customer Services Satisfaction Survey** in **September 2016.**

BCMM will launch its Customer Services Satisfaction Survey in September 2016. The aim of the survey is to determine the levels of service delivery in Buffalo City. BCMM communities, councillors, businesses and employees are encouraged to participate.

The survey is a platform to assess the level of satisfaction of Buffalo City Metropolitan Municipality customers, residents and businesses with the full range of BCMM services, governance and development priorities.

The study covers all 50 wards of BCMM including formal and informal dwelling types and will employ over 500 data collectors.

The study is carried out in 5 phases

Phase 1: Project Preparation & Initiation

Phase 2: Customer Care Status Quo Analysis

Phase 3: Data Collection, Entry & Analysis

Phase 4: Customer Care Strategy & Service Delivery Charter Consolidation

Phase 5: Comprehensive Close Out Report

The survey will be carried out by Skhunyana Training Consultants and will be led by Andile Gumbi.

**FOR FURTHER INFORMATION, PLEASE CONTACT
MS. ONDELA MAHLANGU ON 043 705 1059
OR
DR. THEMBISA NORUSHE ON 043 705 9705**

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

INTRODUCTION

HUMAN SETTLEMENT

During this term of council the Metro as a Level 1 accredited developer has made significant progress with regards to Human Settlements. A total of 5378 Top Structures and 4412 Serviced Sites have been delivered during this term.

Second Creek residents were provided with decent houses with full ownership, leading to the Metro winning a National Govern Mbeki Housing Award for the best informal Settlement upgrading project. Due to the quality of housing units delivered by the Human Settlements Directorate the Metro has also won award for the best rural housing project, namely the Storm Damage Project consisting of 988 units. The Airport Phase 2 Project with 195 units have been completed and also the following:

- Reeston (Phase 3) = 3637
- Manyano / Tembelihle in Mdantsane = 850
- Reeston Phase 3 = 474
- Mdantsane Infill Areas = 1459

As part of informal settlement upgrading the Metro continues with the construction of top structures for:

- Reeston (Phase 3, stage 3) = 1137 units
- Manyano / Tembelihle in Mdantsane = 850 units
- Mdantsane Cluster 1 = 1459 units
- Mdantsane Cluster 2 = 908 units
- Cluster 3 (Fynbos and Ndancama) = 1397 units.

As part of our rural development programme many housing opportunities will be provided to many rural communities in the Metro. These include:

- Postdam Ikhwezi 800 units
- Postdam Village 800 units
- Potsdam North Kanana 600 units
- Peelton / Hanover and Skobeni 1242 units
- Tsholomnqa (Storm Damage) 150 units

- Storm Damage (All Areas) 260 units
- Sunny South 360 units

As a contribution to the Housing Sector Plan (HSP), the City is developing an Integrated Sustainable Human Settlement Plan (ISHSP) which will define what is required to unlock housing delivery in a particular area of BCMM and to identify what other social and infrastructural services would be required to do so in a holistic and integrated way.

WATER

The BCMM is quite advanced in providing the prescribed basic service per household, as it relates to water and sanitation. This has included making the necessary provision for informal settlements in the interest of increasing access to services for all citizens of the Metro. The rapid growth of urban centers is putting pressure on the municipality to increase its capacity in order to respond to the service calls timeously. Provision of water and sanitation services is dispensed by using internal capacity within the Metro, as well as contractors which are procured through the supply-chain management process. Bulk treated water is largely sourced from Amatola Water. BCMM is also implementing the Water Conservation and Water Demand Management (WC/WDM) which talks to the reduction on non-revenue water, in the past years we achieved the reduction from 47% to 41% in the year under review. There are no contracts with state entities for execution of powers and functions assigned to the Metro at this stage, for the above mentioned services. All indigent consumers are provided free basic services through this model of operations and service provision.

SOLID WASTE

The National Environmental Management Waste Act 59 of 2008 requires that the Municipality provides waste management services including waste removal, waste storage and disposal services in adherence to National Norms and Standards to ensure environmentally sound management of waste. Buffalo City Metropolitan Municipality has therefore delegated the responsibility of environmentally sound management of waste to the Department of Solid Waste Management Services under the Directorate of Municipal Services. According to the 2015/2016 IDP BCMM has estimated 275 000 households in the urban area, 11 159 households in the rural areas as well as informal dwellings. Currently BCMM Solid Waste Department is providing Waste Management Service in the urban and informal households.

ELECTRICITY

In terms of the constitution the municipality is responsible to distribute electricity to all consumers within its jurisdiction. The BCMM Electricity and energy services department has a license issued by NERSA to distribute electricity only to consumers within its area of supply which falls within the urban edge. Even though the responsibility to ensure services remains with the municipality, NERSA have issued ESKOM with a license to distribute electricity to consumers outside the urban edge. While NERSA has the right to issue the license it should be done in conjunction with other legislation such as the Municipal Systems act which allows for services to be provided by an entity other than the municipality but in terms though of service delivery agreement which would give the municipality the right to ensure the correct level of service is provided.

In the year under review the Electricity Department achieved the following highlights:

- Electrification of 1971 informal dwellings
- Electrification of 183 formal dwellings
- Investment of R96 million into the electrical network in terms of upgrade, refurbishment and renewal

T 3.0.1

COMPONENT A: BASIC SERVICE

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

WATER

BCMM provides basic services according to the acceptable standards for settlements within the urban edge and those outside the urban edge.

The following provisions are made

Levels and standards in water services:

Rural:

The level of service for households outside of the Urban Edge is the basic level of service (i.e. communal standpipes to RDP standards).

Urban:

The level of service for households within the Urban Edge is as follows:

- Target level: Erf connection
- Minimum level: Yard connection

Free basic water service provision is implemented as follows:

- Rural – level of service
- Urban informal – first 6kl per household/month free
- Urban formal – rebate for registered indigent consumers.

99% of households have access to basic levels of water supply

Access to waterborne sanitation, with either off or on-site disposal, is limited to the formal and certain larger peri-urban settlements within the Urban Edge of BCMM (some 45% of the BCMM population). These settlements are serviced by 15 wastewater treatment works (WWTW), 4 facultative ponds and 1 sea outfall, each with its own catchment area.

The condition of the sewerage infrastructure throughout BCMM is generally one of inadequate capacity, old and poorly maintained infrastructure, resulting in periodic spillages into the river systems.

Owing to the topography of the region, there are a large number of sewage pump stations and pipe bridges within the respective drainage regions, which place additional operation and maintenance burdens on the service branch.

Rural: The level of service for households outside of the Urban Edge is the basic level of service (i.e. VIP's to RDP standards).

Urban: The level of service for households within the Urban Edge is as follows: Target level: erf connection and waterborne sanitation;

The current sanitation backlog is predominately in rural areas.

SOLID WASTE

The National Environmental Management Waste Act 59 of 2008 requires that the Municipality provides Waste Management services including waste removal, waste storage and disposal services in adherence to National Norms and Standards to ensure environmentally sound management of waste. Buffalo City Metropolitan Municipality has therefore delegated the responsibility of environmentally sound management of waste to the Department of Solid Waste Management Services under the Directorate of Community Services.

In order for Solid Waste Management Services department to carry out its mandate of providing the service effectively, the strategic guidelines mentioned below are to be developed / available in line with the National Environmental Management Waste Act 59 of 2008.

- a) The Integrated Waste Management Plan
- b) The Municipal Waste Management By – Law (ensure compliance and enforcement)

HUMAN SETTLEMENT

The Directorate of Human Settlements is measured according to the Number of Top Structures completed, Number of serviced sites completed and Number of beneficiaries registered. In the financial year 2015/2016 the Directorate had a target of 1700 top structures, 1961 internal service and 3500 beneficiaries. The Directorate under achieved and only succeeded to complete 936 top structures, 1153 internal services and 1795 registered beneficiaries. Numerous challenges contributed to the under achievements amongst many the non-availability of general plans in ongoing projects and beneficiary quarrels on in situ developments attested to be very unfavorable for the Directorate. The municipality was inculcated by Provincial Department of Human Settlements to discontinue registration of new beneficiaries citing a bottleneck of approved beneficiaries that have not been provided with houses. The accessibility of appropriate land in the Metro for Human Settlement development remains a colossal challenge for the directorate. The budget of

the directorate is also in adequate to service the necessity on the ground. The Directorate of Human Settlements delivers houses to individuals earning R3 500 and less which are characterized as indigents according to the Housing Act.

ELECTRICITY

BCMM is an implementing agent for the Department of Energy's (DoE) Integrated National Electrification Program (INEP); the program seeks to provide universal access to electricity to all.

As a minimum the program calls for a 20 amp service connection, BCMM has taken a decision to provide a minimum of 40 amps to all RDP service connections within the BCMM area of supply (Within the urban edge).

Access to this supply for low income consumers is through the INEP funding, BCMM counter funding and an approved subsidized connection fee. The council has approved that indigent consumers be provided with a service connection free of any charges.

Within the BCMM area of supply the only backlogs in the formal RDP housing sector are owing to new houses completed during new developments taking place within the year, this number is usually around 1500 to 2000 which remain un-electrified for a short period of time.

The length of time taken to remove the backlog of electrification to RDP houses is dependent on the completion of the housing project and the DoE's requirement that the housing development must have an 80% occupation before the electricity department can request and apply for funding from the DoE

The actual number of houses electrified per year is dependent on the funding made available by DoE on its INEP program

In the ESKOM area of supply the municipality has very little control of the level of service or when the service will be provided as ESKOM request the funding and identify the areas after which they request BCMM to provide permission to install electricity as the electrification must form part of the IDP.

LOCAL ECONOMIC DEVELOPMENT

The White Paper states that local government must play a "developmental role".

Developmental local government means a local government committed to "work with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives". It should target especially those members and groups within communities that are most often marginalised or excluded, such as women, disabled people and very poor people. (White Paper, 1998).

To address the challenges of high unemployment, poverty and low economic growth, the Buffalo City Metro focused on the following interventions during the year under review:

- Providing infrastructure support and market access to emerging farmers both in rural and urban areas
- Providing capacity building and training support to SMMEs and Co-operatives
- Promoting entrepreneurship and self-reliance
- Providing incubation support
- Boosting tourism through by actively promoting the city as a premier tourist destination and hosting key events to attract domestic and international tourists capitalising on its natural resources as the beautiful coastline and pristine beaches, rich culture and heritage, sports amenities, logistics infrastructure and accommodation.
- Providing support to informal traders
- Revamping the Buffalo City Fresh Produce Market which services primarily the informal traders, individual buyers and the formal retail sector.
- Facilitating job creation through the above-mentioned interventions and public employment programmes

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

BCMM is currently serviced by 4 regional surface water supply schemes located primarily within BCMM; 2 surface regional water supply schemes located primarily outside of BCMM but feeding portions of BCMM; 1 regional groundwater scheme and a number of smaller local ground water schemes.

The Amathole Bulk Water Supply System (ABWSS), which comprises the dams and associated infrastructure on the Upper Kubusi, Nahoon and Buffalo Rivers, is the main raw water supply system servicing the BCMM, serving some 82% of the population via the following regional water supply schemes (RWSS):

The Keiskamama System services some 14% of the BCM population via the Sandile and Peddie Regional Water Supply Schemes, which predominantly service consumers in the Nkonkobe and Ngqushwa municipal areas.

The remaining BCMM population is serviced via local groundwater (borehole) fed schemes. These are primarily located in the coastal areas to the west of East London where supplies are augmented by rain water harvesting, and the rural area to the north of Bhisho.

The ABWSS comprises the following sub-systems:

- Upper Kubusi (Gubu Dam/outside BCM);
- Lower Kubusi (Wriggleswade Dam/outside BCM);
- Upper Buffalo (Rooikrantz and Maden Dams/inside BCM);
- Middle Buffalo (Laing Dam/inside BCM); and
- Lower Buffalo (Nahoon and Bridledrift Dam/inside BCM).

The surface water hydrology for this system has been extensively studied to date.

Department of Water and Sanitation (DWS) has initiated the Amatole Reconciliation Strategy (ARS) to ensure a reconciliation of predicted water requirement with supply available, from the ABWSS over a 30-year planning horizon. A committee of relevant

stakeholders including BCMM and led by DWS: National Water Resource Planning, is now established to ensure that the strategies are implemented and periodically reviewed.

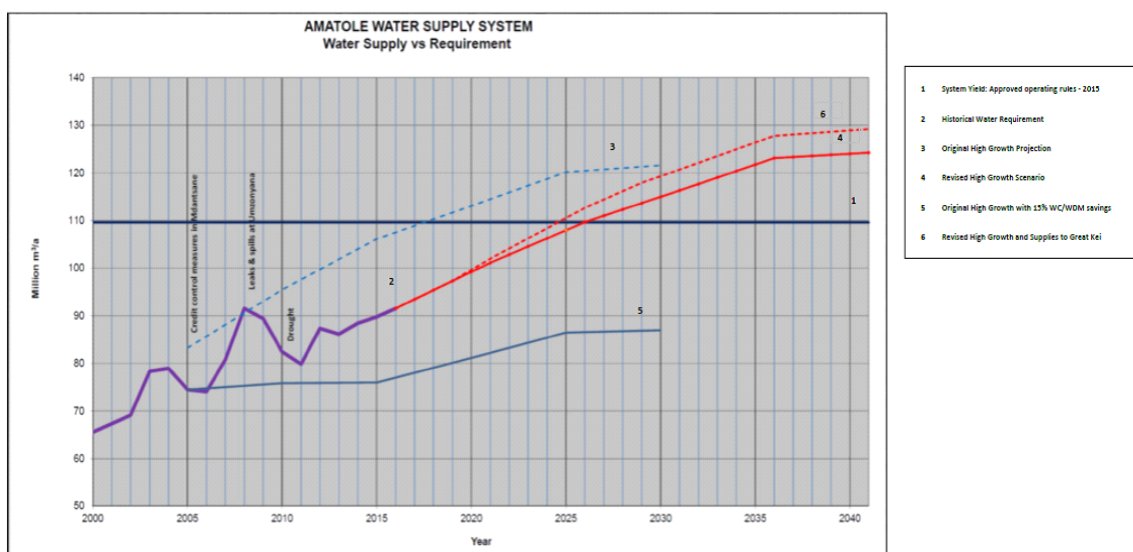
There is adequate yield in the System to meet the high growth projection until at least 2027;

The integrated system operation and the effective implementations of Water Conservation (WC) / Water Demand Management (WDM) measures remain an imperative for medium- to long-term reconciliation;

Stream flow enhancement, river health, water quality and other catchment management activities need significantly greater focus than envisaged in previous strategy reviews; Being able to implement a re-use option at relatively short notice provides significant reconciliation flexibility.

Environmental Water Requirements (EWR's)

There is adequate yield within the System: to allow the EWRs to be implemented immediately, in part or in full, on all the rivers in the System and still have time to plan and implement a new augmentation option; and to have no significant negative or onerous impact on the long-term reconciliation planning for the System.



Levels and standards in water services:

Rural:

The level of service for households outside of the Urban Edge is the basic level of service (i.e. communal standpipes to RDP standards).

Urban:

The level of service for households within the Urban Edge is as follows:

- Target level: erf connection
- Minimum level: yard connection

Free Basic Water

Free basic water service provision is implemented as follows:

- Rural – level of service
- Urban informal – first 6kl per household / month free
- Urban formal – rebate for registered indigent consumers.

99% of households have access to basic levels of water supply

The BCMM did not achieve Blue Drop Status during the period under review, but achieved 98% compliance with SANS 241 drinking water quality standards.

Service delivery objectives for the period under review:

Description	Baseline	Target	Actual
% of households with access to basic level of water supply	98,7%	99%	99,4%
% compliance of water treatment works with SANS 241	95%	95%	98%
Reduction in non-revenue water	34%	30%	41%

BCMM adopted a Water Conservation(WC) and Water Demand Management (WDM) Strategy in 2012, which targets a raw water saving of 1,61 million m³/a and a potable water savings of 4,67 million m³/a over a 5 year period, at a cost of R131 121 million.

R 40 million per annum has been made available in the MTREF.

The Strategy focuses on:

- Reduction of non-revenue water volumes

- Mains replacement (old AC pipes) and leaks repair
- Universal metering, billing, credit control and debt collection
- Increasing the volume of billed/metered consumption
- Meter maintenance and repair
- Reduction of raw water losses at dams and water treatment plants
- Metering, operational control and waste water recovery
- Promotion of water use efficiency through Community awareness programmes
- By-laws (water efficient fittings for new houses)
- Enhancement of institution capacity
- Election of a political champion
- Enhanced staffing and budgets
- Routine water balances

WC/WDM is identified as the key intervention in terms of the Amathole Reconciliation Strategy to enable BCMM to meet its short- to- medium-term development objectives from a water resource perspective.

Water demand decreased by 0,06% year on year on year due to operational efficiencies and the implementation of water demand initiatives throughout the city.

The extent of sales metering, the quality/extent of meter reading and the completeness of the billing database have been identified as being key areas requiring attention in order to address water loss within urban areas. Water sales decreased by 10,02 % year on year. Interventions are on-going.

The extent of illegal connections especially on the former DWS owned schemes, has been identified as being key to address water loss in the rural areas of BCMM.

The need to implement community awareness programmes on a sustained basis, which address issues of water use efficiency, pollution and appropriate use/vandalism of municipal infrastructure, has been identified as being imperative for any WC/WDM programme.

The BCMM has installed water service points to informal settlements to ensure access of

water services. Communities, together with the Ward Councillors, identify needs within informal settlements to which the BCMM responds. Further to this, 250 (5 per ward) Ward based community members were employed to address leaks at standpipes and to undertake repairs on indigent properties beyond the meter. BCMM operates a call centre which is open 24 hours per day, where service disruptions and/or complaints can be registered. Furthermore, complaints can be logged during office hours at the help desks of the various line departments.

BCMM is both the Water Services Authority (WSA) for its entire area of jurisdiction and the Water Services Provider (WSP) for the bulk of the area. The Amatola Water Board is the other WSP which is operational in the area.

Water Services Authority

BCMM has an established WSA in place, which has the ability and resources to undertake the WSA functions in its current format.

Key areas requiring attention include the following:

- Ability/mechanisms to ensure compliance with the by-laws;
- Development and implementation of a WC/WDM strategy;
- Development of a mechanism to manage and monitor the implementation of the WSDP; and
- Establishment of WSA staff capacity and systems.

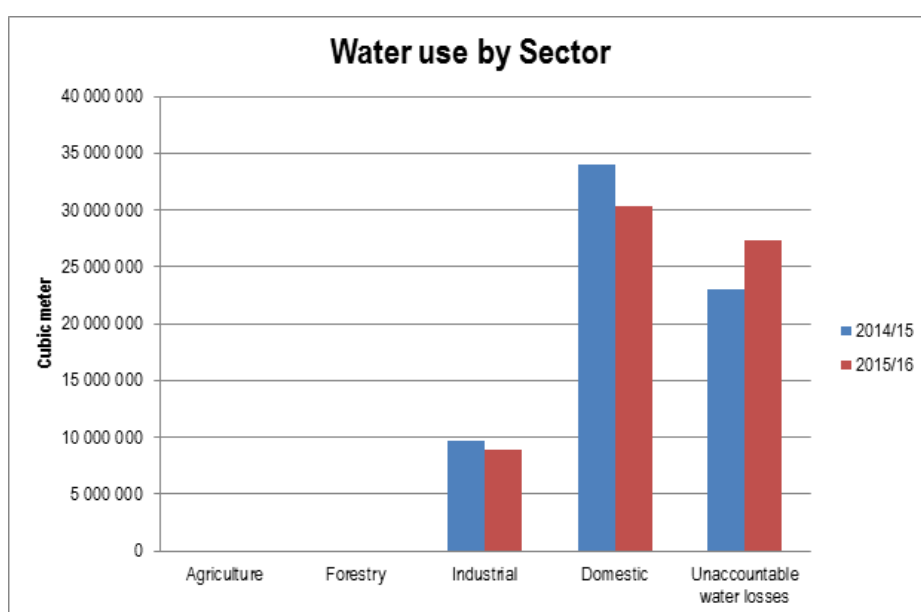
Water Services Provider:

BCMM is the retail WSP for its entire area of jurisdiction and the bulk WSP for three of the six surface water supply schemes servicing BCM and all the groundwater schemes. Amatola Water is the bulk WSP on the remaining three surface water supply schemes, delivering some 32 % of the total volumes of potable water consumed within BCM.

Amatola Water also delivers raw water in bulk to both the BCM (supply to the KWT water treatment plant) and to Da Gama Textiles in the KWT area.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2014/2015	0	0	9 737 697	34 005 922	22 982 433
2015/2016	0	0	8 957 828	30 402 468	27 327 983
T 3.1.2					



T 3.1.2.1

COMMENT ON WATER USE BY SECTOR:

DWS has initiated the Amathole Reconciliation Strategy (ARS) to ensure a reconciliation of predicted water requirement with supply available, from the ABWSS over a 30-year planning horizon.

Planning is now established to ensure that the strategies are implemented and periodically reviewed.

There is adequate yield in the System to meet the high growth projection until at least 2027. Water demand decreased by 0,06% year on year.

Public Institutions and Dry Industries

There are some 5 569 urban non-residential consumers units (that is: industrial, commercial, government) within BCM at present. These are all provided with high levels of service.

There are some 850 rural non-residential consumers units (that is: schools, clinics, police stations, sports facilities) within BCMM. These often have rudimentary standalone water supplies and generally have basic onsite dry sanitation facilities, which are not serviced by BCMM.

No significant growth in the number of public institutions and dry industries are anticipated in the short to medium term, although the following proposed and/or planned developments have been noted:

- Establishment of the Fort Hare Campus in the CBD;
- Sleeper Site in the CBD;
- The Beach Front and Nahoon developments;
- Upgrading of the Cecelia Makiwane Hospital; and
- Upgrading of the Fort Glamorgan Prison.

Wet Industries

Da Gama Textiles is the main wet industry within BCM. It does however; use both raw and re-cycled water for its process water.

There are no wet industries outside of the Urban Edge. Given the economic forecast for the area (i.e. decline in the primary and secondary sectors and growth of the tertiary sector), no significant growth in the number and/or extent of wet industries is anticipated within the region in the short to medium term.

Raw Water and Treated Effluent:

Da Gama Textiles in King Williams Town is the only raw water consumer within the BCMM. It is supplied directly by the Amatola Water Board and it also has facilities to re-cycle water on site.

The East London, Gonubie & King Williams Town golf courses and two farmers in the Gonubie area, are the only users of treated effluent within BCMM. The bulk of the consumption is not being metered at present;

Treated effluent has also been earmarked for possible use in the IDZ and East Coast golf course estate. There are no raw or treated effluent users outside of the Urban Edge.

No significant growth in the number and/or extent of raw water consumers is anticipated in the short to medium term. The irrigation demands have been lower than anticipated due to the extent of irrigation being practiced. The rate of delivery for the housing backlogs impacted on domestic water trends.

There is adequate assured yield in the system at current development levels and trends.

The time frames for the augmentation of the yield is, however, sensitive to the following:

- Rate of take-up and extent of the agricultural demand;
- The extent of the growth in the industrial water demand;
- The rate of implementing the EWRs; and
- The rate of delivery of and level of service to be provided for the housing backlogs,

BCMM adopted a Water Conservation and Water Demand Management (WC/WDM) Strategy in 2012, which targets a raw water saving of 1,61 million m³/a and a potable water savings of 4,67 million m³/a over a 5 year period, at a cost of R131 121 million. R 40 million per annum has been made available in the MTREF. Water sales have decreased by 10,02% year on year which has attributed to the increase in unaccountable water loss.

T 3.1.2.2

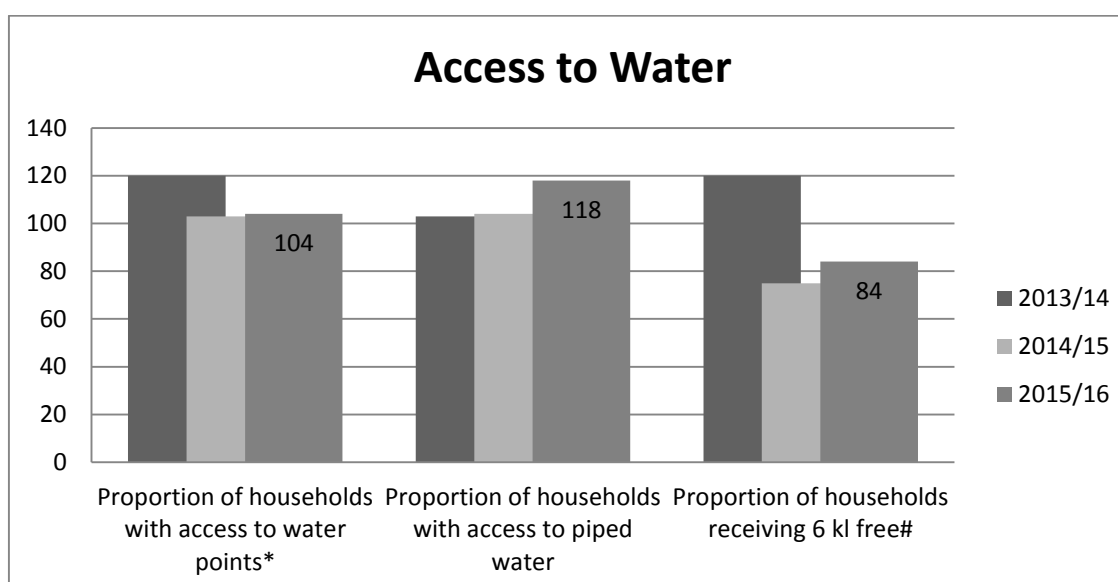
Water Service Delivery Levels: Households				
Description	2012/2013	2013/2014	2014/2015	2015/2016
	Actual No.(000)	Actual No.(000)	Actual No.(000)	Actual No.(000)
Water : Above minimum level				
Piped water inside dwelling	103	104	118	118
Piped water inside yard(but not in dwelling)	-	-	-	-
Using public tap(within 200m from dwelling)	120	111	103	104
Other water supply(within 200m)	5	5	-	-
Minimum Service Level and Above Sub-total	228	220	221	222
Minimum Service Level and Above %	98%	98%	99%	99%
Water: Below minimum level				
Using public tap(more than 200m from dwelling)	1	1	1	1
Other supply(more than 200m from dwelling)	-	-	-	-
No water supply	3	3	2	1
Below the Minimum Service Level Sub-total	4	4	3	2
Below the Minimum Service Level %	2%	2%	1%	1%

Water Service Delivery Levels: Households				
Description	2012/2013	2013/2014	2014/2015	2015/2016
	Actual No.(000)	Actual No.(000)	Actual No.(000)	Actual No.(000)
Total Number of Households	232	224	224	224

T3.1.3

Households – Water Service Delivery Levels below the minimum						
Description	2012/2013	2013/2014	2014/2015	2015/2016		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	224 000	224 000	224 000	224 000	224 000	224 000
Households below minimum service level	4 000	4 000	4 000	3 000	3 000	3 000
Proportion of households below minimum service level	2%	2%	2%	1%	1%	1%
Informal Settlements						
Total households	66 000	66 000	66 000	80 000	93 000	93 000
Households below minimum service level	44 000	44 000	44 000	44 000	66 000	66 000
Proportion of households below minimum service level	67%	67%	67%	55%	71%	71%

T 3.1.4



* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6 000 liters of potable water supplied per formal connection per month

T 3.1.5

Water Services Policy Objectives Taken From IDP									
Service Objective	Outline Service Targets	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		Previous Year		Previous Year	Current Year		Current Year	Current Year	Following Year
To ensure that water supply systems in BCMM are compliant with Blue Drop Certificate	Additional households provided with minimum supply during the year	1526	1503	960	1500	1152	1455	0	0
To ensure universal access to potable water in BCMM	Reduce the number of interruptions in supply of one hour or more compared to the baseline year 2014/15 Interruptions of one hour or more during the year	<12	3	<12	<12	A1%	<4	<4	<4
To ensure effective conservation and demand management of water resources in BCMM	Reduce unaccountable water levels compared to the baseline year 2014/15: Kilolitres unaccounted for during the year	46%	35%	T5%	T5%	T4%	T5%	T5%	T5%
T 3.1.6									

Employees: Water Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	153	170	145	25	15%
4 - 6	53	69	53	16	23%
7 - 9	34	43	35	8	19%
10 - 12	55	86	69	17	20%
13 - 15	9	9	8	1	11%
16 - 18	2	3	2	1	33%
19 - 20	0	0	0	0	0%
Total	306	380	312	68	18%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.1.7					

Financial Performance Year 2015/2016: Water Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	517 011	511 031	521 626	510 285	0%
Expenditure:					
Employees	76 005	84 995	86 876	86 719	2%
Repairs and Maintenance	34 412	42 747	49 695	42 856	0%
Other	465 245	344 114	379 256	507 333	32%
Total Operational Expenditure	575 662	471 857	515 828	636 909	26%
Net Operational Expenditure	58 650	(39 175)	(5 799)	126 623	131%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.1.8					

Capital Expenditure Year 2015/2016: Water Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	91 000	125 672	116 452	22%	90 752
Water Supply Coastal & Backlog	15 000	23 500	26 934	44%	15 000
KWT & Bisho Infrastructure	7 000	12 649	6 639	-5%	7 000
Amahleke Water Supply	3 000	4 209	2 837	-6%	3 000
Augmentation of water treatment	10 000	17 000	12 347	19%	10 000
Upgrade Water Networks	6 000	4 000	5 512	-9%	6 000
West Bank Water Supplies	5 000	10 500	10 359	52%	5 000
Bulk Water Provision Replacing of Existing Infrastructure	40 000	47 706	46 352	14%	40 000
Bulk Water Provision Replacing of Existing Infrastructure	5 000	6 107	5 472	9%	5 000
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.1.9					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The water performance targets and achievements as per the 2015/2016 SDBIP are as follows:

Description	Baseline	Target	Actual achievement
% of households with access to basic level of water supply	98.7%	99%	99.4%
% compliance of water treatment works with SANS 241	95%	95%	98%

The following villages in Ward 31,32 and 33 were provided with clean drinking water from the communal standpipes for the first time in their history:

- Silverdale
- Kalkeni
- Boxwood
- Newrest
- Lilyvalle
- Ncera Village 5
- Ncera Village 2 Ext
- Ezigodweni
- Bhulura

Water points were also provided in the following informal settlements:

Muvhango, Orange Groove, Zibonele, Ndevana and Nkandla.

The four largest capital projects that are being implemented as a multi- year bulk water provision programme are as follows:

- Augmentation of Mzonyana WTW
- Provision of Westbank Bulk Water Supply
- KWT&Bisho Bulk Water Infrastructure – New Kei Road Water Treatment Works
- Eradication of water backlogs programme

A budget of R529 699 714 is required in the next 5 years to address the bulk water supply infrastructure constraints in Buffalo City Municipality, the municipality is considering additional external funding sources for this funding to supplement USDG funding.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Buffalo City Metropolitan Municipality is a designated Water Services Authority. BCMM is also the main Water Service Provider (WSP) within its area of jurisdiction, undertaking all retail functions throughout BCMM and the bulk functions for wastewater.

Access to waterborne sanitation, with either off or on-site disposal, is limited to the formal and certain larger peri-urban settlements within the Urban Edge of BCMM (some 45% of the BCMM population). These settlements are serviced by fifteen (15) wastewater treatment works (WWTW), four (4) facultative ponds and one (1) sea outfall, each with its own catchment area.

The condition of the sewerage infrastructure throughout BCMM is generally one of inadequate capacity, old and poorly maintained infrastructure, resulting in periodic spillages into the river systems.

Owing to the topography of the region, there are a large number of sewage pump stations and pipe bridges within the respective drainage regions, which place an additional operation and maintenance burden on the service branch.

Rural: The level of service for households outside of the Urban Edge is the basic level of service (VIP's to RDP standards).

Urban: The level of service for households within the Urban Edge is as follows: Target level: connection and water borne sanitation;

The current sanitation backlog is predominately rural as detailed.

The provision of rural sanitation was initially implemented by the Department of Water Affairs (DWA), before BCMM became a Water Services Authority (WSA). The toilets that were implemented by DWA are in Tsholomnqa and Nxamkwana.

The Amathole District Municipality (ADM) also implemented some of the projects which include Ndevana, Newlands, Needs Camp, Ducats and Ncerha villages. These villages, including DWA implemented projects, are within BCMMs boundary and it is therefore a responsibility of the municipality to operate and maintain them.

Since BCMM became a WSA, it has covered some ground in terms of rural sanitation planning and implementation. BCMM has initiated a Water Services Master Plan to facilitate, co-ordinate and to direct forward planning and water services delivery. The results of these planning processes have culminated in the preparation of a single MIG Registration for the “Basic Sanitation Services Backlog Eradication Programme”, which was approved in 2008 to service 81 334 households, of which approximately 18 000 are farms; leaving approximately 63 000 households.

The obligation of BCMM is to focus on the residences that do not have access to a basic level of service for water and sanitation and also to deliver these within the timeframes set by National Government that all households must be provided with basic sanitation by 2017.

The Sanitation Division has implemented a Precast Concrete Movable Top Structure throughout the entire BCMM for operational purposes. From 2005 to 2012, 17 758 households have been served. The pace of delivery of rural sanitation was not sufficient to meet the National target of 2017, thus from 2013/2014 Financial Year delivery was up scaled. In 2013/2014 and 2014/2015 financial years 9 501 and 6 528 toilets were built respectively. In 2015/2016 financial year 4 768 toilets were built. A further 6 500 are planned for the remainder of the MTREF. Backlogs further constitute existing structures not meeting minimum standards. Refer to Figure 1 detailing a typical VIP unit installed.



Figure 1 Typical VIP

The Department's top service delivery objectives are as detailed below.

Description	Target	Actual
% Compliance with effluent quality standards	76%	74%
No households provided with access to basic level of sanitation service	5824	6682
Additional Service Points (Toilets) installed in informal settlements	40	99

The following Waste water Treatment Works (WWTW) are operating close to or at capacity and, as a result impact on compliance with effluent quality standards and restriction on the approval of housing and commercial developments:

- Dimbaza
- Schornville (King Williams Town)
- Bhisho
- Breidbach
- Central

The lack of an adequate/appropriate treatment facility on the West Bank is said to be a factor limiting the development of the East London Industrial Development Zone.

Apart from the above treatment constraints, various infrastructure conveyance constraints have been identified in the recent master planning. The following have been identified as having significant impacts on the capacity and functioning of the infrastructure:

- High levels of water wastage;
- Vandalism, theft and abuse of infrastructure (including alternative materials used for sanitary purposes);
- Storm water and root ingress and siltation;
- The collapsing pitch fibre sewers in Mdantsane; and
- Sewers installed with back falls in certain areas.

As a result of the above, BCMM has initiated the projects in:

- Zwelitsha WWTW (project has commenced with the 17,5 mega litres per day upgrade of the works in 2015/2016 Financial year), to:
 - Establish a regional WWTW in Zwelitsha;
 - Divert all flows from the surrounding WWTW's to these works; and
 - Decommission the smaller works.
- Reeston WWTW (Practical completion of the Civil Works of the 10 MI/day upgrade of the works in 2015/2016 financial year) to:
 - Establish a regional WWTW in Reeston;
 - Divert flow from the Central WWTW catchment (expression of interest undertaken for loan funding to fund the diversion, tender documents completed in 2015/2016 Financial year), as well as from the Wilsonia area to Reeston WWTW; and
 - De-commission the Central WWTW.

To address the sanitation needs in informal settlements (as identified by Ward Councillors) the BCMM has provided 1 519 toilets (99 in 2015/2016) to date and under the EPWP programme, 319 caretakers have been engaged for the cleaning and maintenance thereof Refer to Figure 2 A and B detailing semi-permanent ablutions installed.



Figure 2A Before – Old facility.



Figure 2 B The new semi-permanent ablution detailed below

BCMM operates a call centre which is open 24 hours per day, where service disruptions and/or complaints can be registered. Furthermore, complaints can be logged during office hours at the help desks of the various line departments.

From the 2013 Green Drop Audit BCMM obtained a Green Drop status for the East Bank WWTW and an overall Green Drop Score of 80,94%. The overall access to basic level of sanitation is 99%. Backlogs are further constituted by existing structures not meeting minimum standards. The 28 new villages added onto BCMM demarcation will still have to form part of the backlog.

To address the issues of Green Drop compliance, housing delivery and economic development, BCMM has initiated the projects below:

Zwelitsha WWTW:

Establish a regional WWTW in Zwelitsha;

Divert all flows from the surrounding WWTWs to Zwelitsha WWTW; and

Decommission the smaller works.

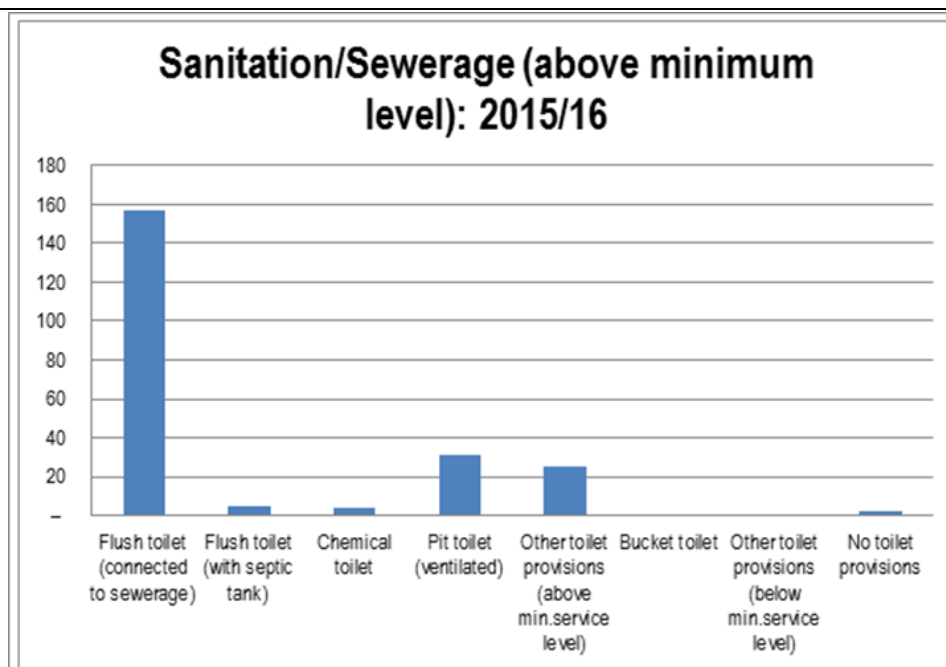
Reeston WWTW:

Establish a regional WWTW in Reeston;

Divert flow from the Central WWTW catchment, as well as from the Wilsonia area to Reeston WWTW; and

De-commission the Central WWTW.

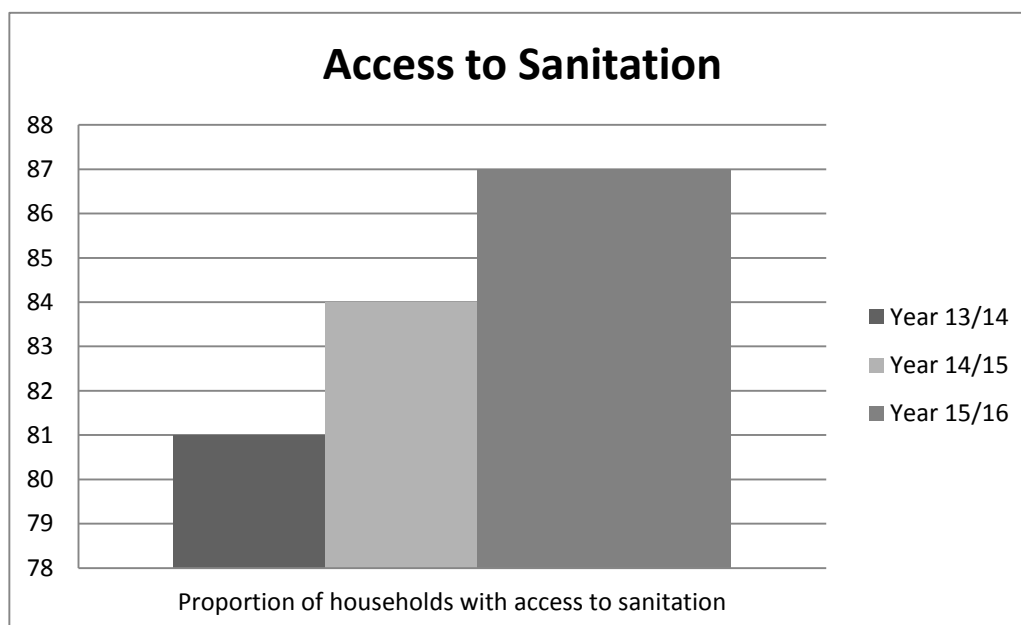
T 3.2.1



T 3.2.2

Sanitation Service Delivery Levels				
Description	*Households			
	2012/2013	2013/2014	2014/2015	2015/2016
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	154	155	156	157
Flush toilet (with septic tank)	5	5	5	5
Chemical toilet	4	4	4	4
Pit toilet (ventilated)	12	20	27	31
Other toilet provisions (above minimum service level)	–	–	26	25
<i>Minimum Service Level and Above sub-total</i>	175	184	218	222
<i>Minimum Service Level and Above Percentage</i>	78.4%	82.5%	97.5%	99.2%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	–	–	–	–
Other toilet provisions (below minimum service level)	25	26	–	–
No toilet provisions	23	13	6	2
<i>Below Minimum Service Level sub-total</i>	48	39	6	2
<i>Below Minimum Service Level Percentage</i>	21.6%	17.5%	2.5%	0.8%
Total households	224	224	224	224
*Total number of households including informal settlements				T 3.2.3

Households – Sanitation Service Delivery Levels below the minimum						
Description	2012/2013	2013/2014	2014/2015	2015/2016		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	224	224	224	224	224	224
Households below minimum service level	–	–	–	–	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	224	224	224	224	224	224
Households is below minimum service level	52	43	35	30	30	30
Proportion of households its below minimum service level	23%	19%	16%	13%	13%	13%
						T 3.2.4



Access To Sanitation

Access to Sanitation	
To minimum of Sanitation and above	Proportion of households with access to sanitation
2013/2014	81
2014/2015	84
2015/2016	87

T3.2.5

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives <div>Service Indicators</div> (i)	Outline Service Targets (ii)	Year 2014/2015		Year 2015/2016		Year 2016/2017	Year 2017/2018		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	 (iv)	*Previous Year (v)	*Current Year (vi)	 (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Toilets with waterborne service – Formal, French drains and RDP HH's	637 (29 929)	159 430 (64 138)	161 773 (61 795)	161 773 (61 795)	161 881 (61 687)	162 410 (61 158)	163 116 (60 452)	163 822 (59 746)	164 528 (59 040)
Latrines VIP's	4 590 (29 929)	24 440 (64 138)	26 639 (61 795)	26 639 (61 795)	29 639 (61 687)	31 229 (61 158)			
<p><i>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the green drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are ‘universal municipal indicators’. * ‘Previous Year’ refers to the targets that were set in the Year -1 Budget/IDP round; *‘Current Year’ refers to the targets set in the Year 0 Budget/IDP round. **‘Following Year’ refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.2.6

T 3.2.6

Employees: Sanitation Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	217	272	222	50	18%
4 - 6	39	41	33	8	20%
7 - 9	41	57	43	14	25%
10 - 12	23	28	22	6	21%
13 - 15	6	9	6	3	33%
16 - 18	1	1	0	1	100%
19 - 20	0	0	0	0	0%
Total	327	408	326	82	20%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.2.7					

Financial Performance Year 2015/2016: Sanitation Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	474 688	412 120	411 620	384 346	-7%
Expenditure:					
Employees	71 870	86 169	84 557	80 887	-7%
Repairs and Maintenance	24 862	30 652	30 652	29 973	-2%
Other	274 991	265 411	266 761	257 914	-3%
Total Operational Expenditure	371 722	382 232	381 970	368 775	-4%
Net Operational Expenditure	(102 965)	(29 888)	(29 650)	(15 571)	-92%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.2.8					

Capital Expenditure Year 2015/2016: Sanitation Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	257 506	208 974	158 736	-62%	257 506
Waste Water Infrastructure Capacity	26 400	31 400	26 400	0%	26 400
Reeston Phase 3 Bulk Services Sewer	40 000	39 351	33 767	-18%	40 000

Capital Expenditure Year 2015/2016: Sanitation Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Mdantsane Infrastructure-Refurbishment/ Augmentation	2 000	2 000	1 508	-33%	2 000
Diversion of Amalinda & Wilsonia Effluent	1 500	1 500	1 361	-10%	1 500
Sanitation Backlog Eradicate	69 000	–	–	0%	69 000
Ablution Blocks	5 000	3 000	4 007	-25%	5 000
Berlin Sewers	13 000	15 000	8 879	-46%	13 000
Hoodpoint Marine Outfall	1 000	1 000	1 000	0%	1 000
Gqozo Village Phase 2	20 000	15 000	15 435	-30%	20 000
West Bank Restitution Sewer Infrastructure	5 000	5 000	4 922	-2%	5 000
Quinera WWTW	7 100	7 100	5 313	-34%	7 100
Bulk Sanitation Provision - Replacing Existing Infrastructure	40 000	43 579	41 066	3%	40 000
Mdantsane Waste Water Treatment Works - Renewal of Existing Assets	24 506	8 249	8 249	-197%	24 506
EL Hood Point Pre-treatment Facility Recapitalisation	3 000	3 000	2 758	-9%	3 000
Bulk Sanitation Provision - Eastern Beach Sewer	–	30 990	3 902	100%	–
Upgrading of Laboratory Infrastructure	–	1 784	170	100%	–
Upgrading of Laboratory Infrastructure	–	1 021	–	0%	–
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

Four largest capital projects in 2015/16.

Description	Budget	Expenditure	Balance	% Expenditure
Reeston Phase 3 Bulk Services Sewer	R 38 000 000	R 33 766 832.03	R 4 233 167.97	89%
Waste Water Infrastructure Capacity (KWT Regional Scheme)	R 26 400 000	R 26 399 999.99	-	100%
Bulk Sanitation Provision	R 66 500 000	R 40938155.23	R 25 561 844.77	62%
Sanitation Backlog Eradication	R 60 000 000	R 59 285 092	R 714 908	99%

These projects address the priorities issues of WWTW compliance, aging infrastructure, housing delivery and economic development BCMM have initiated the projects, Reeston Phase 3 Bulk Services Sewer, Waste Water Infrastructure Capacity (KWT Regional Scheme and Bulk Sanitation Provision. To address access backlogs the Sanitation Backlog Eradication project was initiated. The variance in expenditure for Waste Water Infrastructure Capacity (KWT Regional Scheme) and Bulk Sanitation Provision was due the contractor only establishing on site in February 2016. The Reeston Phase 3 Bulk Services Sewer (Civil Contract) was completed. Sanitation Backlog Eradication variance is as a result of the completion of projects. Operating and maintenance budgets were fully committed (in excess of 95%).

To address the IDP targets (bulk augmentation projects) the following budgets are set aside in terms of the MTREF

Financial Year	Budget
2015-2016	R 299 995 881
2016-2017	R 421 729 080
2017-2018	R 549 360 140
2018-2019	R 480 813 933

In order for the sanitation backlog to be eradicated by 2017, the funding needs to be increased (additional R 100 million) or BCMM will not meet the national target by 2017. The 28 new villages included into BCMM through demarcation, will still have to be costed to form part of the backlog

T 3.2.10

INTRODUCTION TO ELECTRICITY

The purpose of the Electricity Department is to provide an effective and efficient electrical supply service in accordance with legal and statutory requirements to all legal Buffalo City Consumers within the BCMM electrical network. The BCMM electricity department purchases bulk electricity from Eskom via 15 intake points of distribution in the BCMM supply area. This is re-distributed to all legal consumers within the urban edge.

To achieve the above mandate, The Electricity Services Department concentrates on the following priorities:

NETWORK STABILITY:

Without a reliable network and increased capacity, the Electricity Department cannot provide services or install additional connections onto the network. Electricity network in Buffalo City has improved substantially owing to the capital investment of over R300 million which has been injected into the system over the last three years.

The prioritisation of capital projects is based on a number of issues which are then taken into account:

1. The Electrical Master which has been updated
2. The network performance over the previous year
3. The required upgrading needed to meet new consumers

What is of concern is the Operational Budget which is inadequate to service the capital investment made in the electrical network.



Figure 3 Reeston WWTW Reactor Basin



Figure 4 Reeston WWTW Clarifiers

T 3.2.10

INFORMAL ELECTRIFICATION:

Over the past year, the electricity department has electrified 1 971 informal dwellings; this is a small portion of what is required to make the programme effective in terms of reducing the losses to BCMM's revenue.

BCMM has over 45 000 informal dwellings within the electrical network, most of which do not meet the DoE guideline or have been ear-marked for de-densification or relocation.

REVENUE PROTECTION:

The Revenue protection teams are conducting site visits to all legal consumers' premises to identify meters which have been tampered with and/or by-passed. So far, over 28 000 premises have been visited. During this programme all identified by-passed meters were returned to proper service and the consumers served with the appropriate fine as per the approved BCMM tariff.

At a meeting of council held on 28 October 2015, the council resolved inter alia, "that a Regional Electricity Theft Indaba is held and a report thereon be submitted to the Council meeting scheduled for 25 November 2015."

The Electricity Theft Indaba took place on 27 May 2016 and the relevant stakeholders were invited accordingly, the said being as follows:

- Executive Mayor
- Deputy Mayor, Office of Speaker
- Portfolio Head, Infrastructure Services
- Portfolio Head, Finance Department
- Officials
- Ward Councillors
- Department of Labour
- Association of Municipal Electricity Undertakings (AMEU)
- South African Revenue Protection Association (SARPA)

- Department of Energy (DoE) Eskom
- Organised Business
- Councillors
- Community organisations
- South African Police Services (SAPS)

Municipal legislators, Private Business and other interested stakeholders were in attendance at the indaba. While the attendance was not what was expected, the Indaba was still very successful.

At the end of the session a number of renewable/energy efficient services providers opened the doorway to a possible solution to the illegal connections and possibility of less reliance on ESKOM in terms of generation.

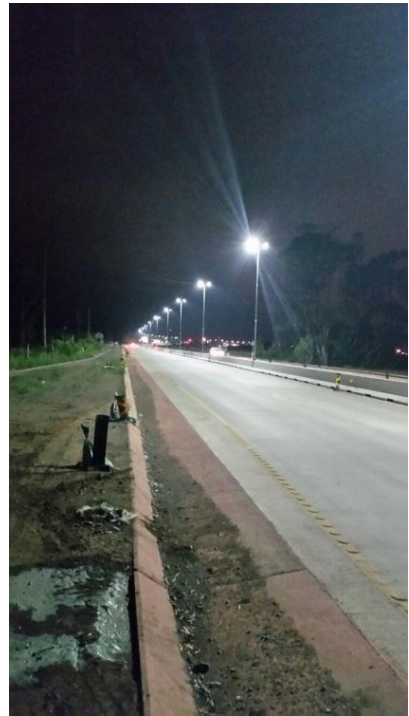
A number of solutions were also highlighted:

1. Completing the energy audit for BCMME and explore alternative energy solutions to the illegal connection problem as a number of areas will not meet the formal electrification guidelines.
2. Visiting other municipalities which have implemented alternative energy solutions.
3. Holding a possible 2nd Electricity Theft Indaba to explore other solutions by inviting service providers to put on display the services available.
4. Looking at job provision/opportunities for the implementation of alternative energy projects

STREET AND HIGH MAST LIGHTING

The following street light and highmast lighting projects were completed in the year under review:

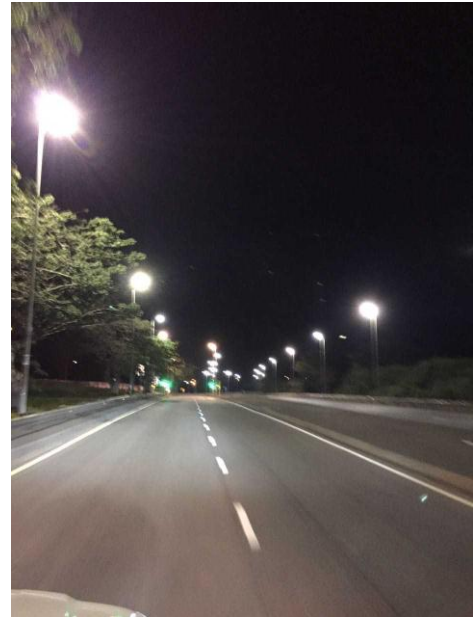
GONUBIE MAIN ROAD: This installation is the first of its kind in BCMM, as Light Emmiting Diode (LED) technology lighting was used. This type of lighting uses less electricity while providing lighting levels which meet the SANS standards set for lighting roadways. A further advantage of this type of lighting is that it has a lower maintenance factor which means it requires less maintenance and the lighting system has a longer life span.



Gonubie Main Road

NORTH EAST EXPRESSWAY:

This project was undertaken as this roadway is one of the main entrances into the City. The street light poles were past their normal life span and a number of the poles were on a point of failure.



NE Express Way

HIGH MAST RETRO FIT: Replacement of high mast lighting in the City from conventional 1 000 watt fittings to 477 watt LED fittings. Not only is BCMM benefiting from the use of lower wattage, in addition the design of the LED lights allows for less light pollution overall.

The scope of work covered during 2015/2016 based on the available funding of R13 million allowed for the retrofit of 936 x 1000 watt High Pressure Sodium high mast fittings with 477 watt LED fittings, increasing the lighting levels and benefiting from the lower wattage.

The work consisted of the following:

The removal of the old 1000 watt High Pressure Sodium high mast fittings and the installation of the 477w LED fittings which was undertaken by the contractor appointed in terms of BCMM's annual tender process;

The total calculated savings will be as follows based on a single days use: Number of fittings x (Existing Wattage of Fittings- New Wattage of Fittings) x10 Hours= Savings
 $936 \times (1000 - 477) \times 10 = 936000 \text{ Wh or } 936 \text{ kWh}$



New 477 watt fittings

RURAL SUPPLY BY ESKOM

BCMM areas of jurisdiction which fall outside the urban edge are serviced with electricity by ESKOM. It should be noted that BCMM will have to liaise with ESKOM pertaining to the provision of electric supply to the 28 villages which will form part of BCMM after the elections. Previously these villages formed part of Ngqushwa, Amahlati and Great Kei Municipalities

Eskom has been issued a NERSA license to supply electricity to rural areas which fall outside the BCMM area of supply.

At this time BCMM have no control on the service level which is supplied by ESKOM to BCMM constituents, as the Municipality does not have a service level agreement with Eskom

This raises a number of issues arise, including:

- Different tariffs to communities within the same area
- Different service levels to communities within the same area. BCMM provides a supply of 40 amps; ESKOM supplies 20 amps or less.
- Within the ESKOM area of supply, street lighting is not provided.

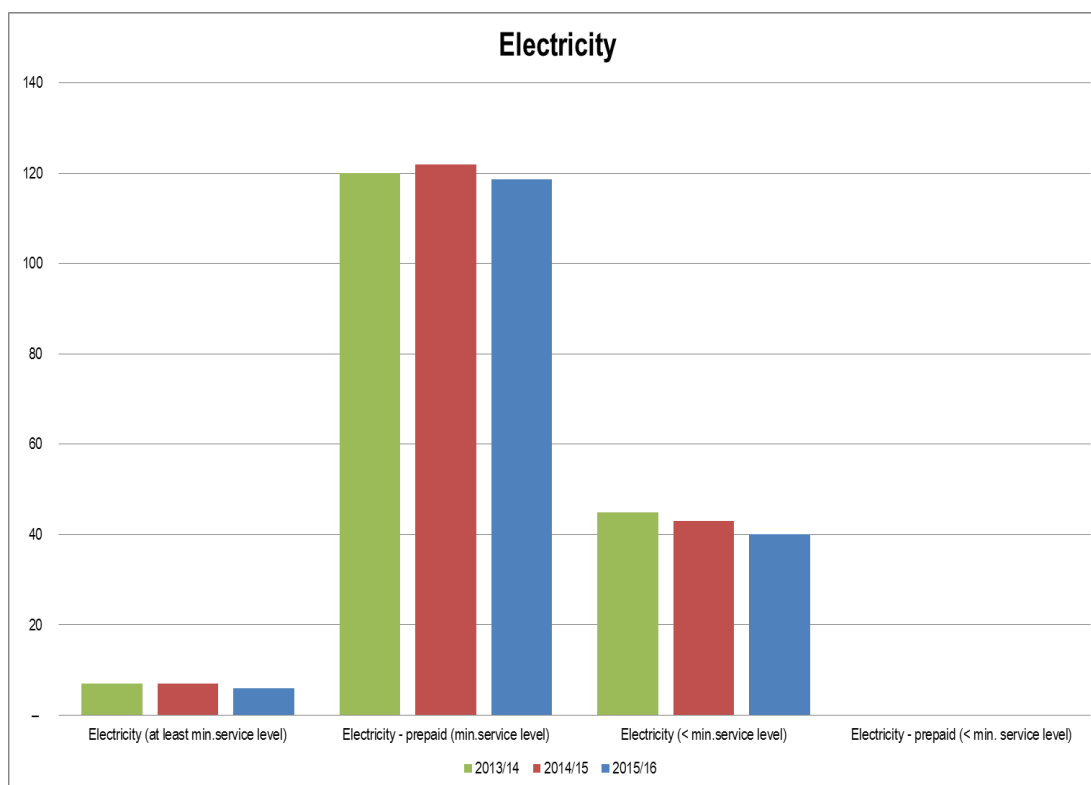
Street lighting is provided to consumers within the BCMM network as the BCMM electricity tariff, which is slightly higher than ESKOM's, makes allowance for this service.

As BCMM does not receive income from electricity sales from consumers within the ESKOM area of supply this service cannot be provided.

Most of the above concerns could be addressed by a service level agreement.

As this problem does not only affect BCMM, municipalities through SALGA are negotiating a distribution service level agreement with ESKOM as required by a number of ACTs to which the municipality and ESKOM are required to adhere.

T 3.3.1



T 3.3.2

Electricity Service Delivery Levels			
Description	2013/2014	2014/2015	Households
	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>			
Electricity (at least minimum service level)	7	7	6
Electricity - prepaid (minimum service level)	120	122	119
<i>Minimum Service Level and Above sub-total</i>	127	129	125
<i>Minimum Service Level and Above Percentage</i>	73.8%	75.0%	75.8%
<u>Energy: (below minimum level)</u>			
Electricity (< minimum service level)	45	43	40
Electricity - prepaid (< minimum service level)	—	—	—
Other energy sources	—	—	—
<i>Below Minimum Service Level sub-total</i>	45	43	40
<i>Below Minimum Service Level Percentage</i>	26.2%	25.0%	24.2%
Total number of households	172	172	165
Note: the 45000 HH below the minimum service are the informal dwellings that have been identified			T3.3.3

Households - Electricity Service Delivery Levels below the minimum					
Description	2013/2014	2014/2015	2015/2016		
	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.
Formal Settlements					
Total households	127	129	129	129	125
Households below minimum service level		–	–	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%
Informal Settlements					
Total households	45	45	45	45	45
Households below minimum service level	44	43	40	40	40
Proportion of households below minimum service level	98%	96%	89%	89%	89%
Note: The figure of 45 000 HH is provided from a study conducted of all informal areas					T 3.3.4

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2014/2015		2015/2016			2016/2017	2018/2019	
		Target	Actual	Target		Actual	Target		
		Previous Year		Previous Year	Current Year		Current Year	Current Year	Current Year
Service Objective									
Provision of minimum supply	No. of new RDP Households supplied with electricity	500	512	1000	1000	183	1000	1000	1000
Provision of minimum supply	No of informal households supplied with electricity	700	1596	1000	1500	1971	1000	1000	1000
Implement lighting Programme to ensure adequate lighting coverage	No. of street lights installed	350	350	350	350	350	150	150	
Implement electricity infrastructure service that is inclusive, safe, reliable, efficient and adequately maintained	Investment made to bulk electricity infrastructure in Rand	50 000 000	79 775 907	96 000 000	96 000 000	93689 670	90 000 000	90 000 000	90 000 000
T 3.3.5									

Employees: Electricity Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	102	136	116	20	15%
4 - 6	19	38	33	5	13%
7 - 9	30	63	40	23	37%
10 - 12	58	59	48	11	19%
13 - 15	6	7	5	2	29%
16 - 18	2	2	2	0	0%
19 - 20	1	3	1	2	67%
Total	218	308	245	63	20%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.3.6

Financial Performance Year 2015/2016: Electricity Services					
					R'000
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 573 047	1 755 069	1 872 069	1 771 442	1%
Expenditure:					
Employees	63 416	78 511	81 310	73 175	-7%
Repairs and Maintenance	90 862	126 221	105 221	100 053	-26%
Other	1 327 640	1 401 172	1 478 891	1 399 945	0%
Total Operational Expenditure	1 481 918	1 605 904	1 665 422	1 573 173	-2%
Net Operational Expenditure	(91 129)	(149 166)	(206 647)	(198 268)	25%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.3.7

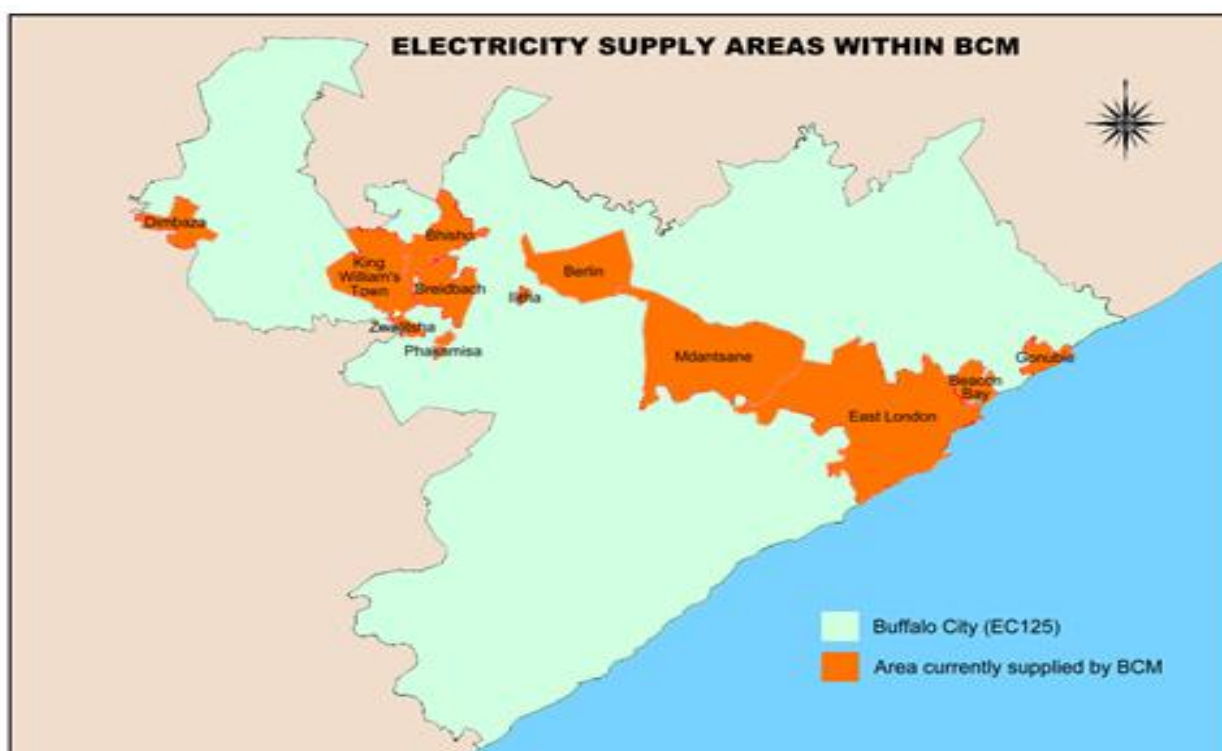
Capital Expenditure Year 2015/2016: Electricity Services					
					R' 000
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	158 500	171 473	146 652	-8%	158 500
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	50 000	50 000	48 209	(0)	50 000
Bulk Electricity Infrastructure Upgrade - Replacing Existing Infrastructure	40 000	52 832	52 832	0	40 000
INEP Electrification Programme	30 000	30 000	10 517	(0)	30 000
Electricity Demand Side Management Programme	13 000	4 000	3 998	(0)	13 000
INEP Electrification Programme - Counterfunding	5 000	14 141	5 000	-0.00	5 000

Capital Expenditure Year 2015/2016: Electricity Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Electrification of Informal Dwelling Areas within BCMM	15 000	15 000	15 000	–	15 000
Street Lighting and Highmasts within BCMM Areas of Supply - Informal Settlements	3 500	3 500	9 095	–	3 500
Replacement and Refurbishment of Bulk ELECT Infrastructure	2 000	2 000	2 000	(0)	2 000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					7 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

ACHIEVEMENTS 2015/2016

The electricity Department is mandated to provide to ensure provision of electrical services to all legal consumers within its licensed area of supply.



To meet this mandate the department has prioritized the following areas

New RDP service connections:

In terms of electricity service connections for RDP housing, the Electricity Department, in conjunction with the Department of Energy (DoE), provides electricity to formal houses. Annually, Buffalo City's Electricity Department is invited to request funding from the DoE's Integrated National Electrification Program (INEP). The INEP program is part of the Government's Universal Access policy. The deadline for universal access to electricity has been extended to 2020. Every project which is proposed to the DoE is visited by the DoE to ensure that it meets the criteria set by the DoE and if approved, funding is made available. The funding which is provided by the DoE is only partial funding, as the Municipality is required to provide counter funding. Therefore the number of houses which can be connected is dependent on the funding from DoE, the counter funding provided by Buffalo City Metropolitan Municipality and the number of housing projects which are completed.

In this financial year the department only electrified infill houses and achieved 183 connections

INFORMAL SERVICE CONNECTIONS

It is recognized that informal settlements are an urban reality, at least in the medium term and that they will be the only form of housing available to many residents. To improve the quality of life of the residents of these settlements, Council took a decision that the settlements would be provided with interim electricity services, as per Council resolution BCMC 131/12, subject to the settlements meeting the minimum criteria.

- The settlement should be close to existing infrastructure and in a position where electrification is practicable and not encumbered by any of the following elements:
- Servitude
- Road or rail reserve
- Flood prone area
- Environmental issues

- Stormwater retention or detention pond
- Private land
- Unstable land
- Any other health or safety hazard.
- The settlement is stable (i.e. there is no further growth or relocation planned for the foreseeable future)
- Such settlements provided are treated as ad hoc projects and are motivated separately.

For the financial year July 2015-June 2016, a total number 1 966 informal connections was completed in the following areas:

Areas	Connections
Duncan Village Phases 4 and 5	639
Masizakhe – Mdantsane	155
Tambo Park – Mdantsane	147
Slovo Park – Mdantsane	331
Potsdam East Phase 1	358
Potsdam East Phase 2	53
Mahlangu – Mdantsane	220
Ekuphumeleni – Mdantsane	63



Mount Ruth Informal Electrification



Duncan Village Informal Electrification

NETWORK ENHANCEMENT:

The Electricity Department received R96million in the 2015/2016 financial year for capital projects. The electricity services department spent 90% of the budget, implementing a number of projects to ensure a safe, reliable and efficient electrical network.

In the year under review, the electricity department upgraded, renewed and refurbished the following:

- Installed new and replaced 11kV Overhead Lines - 12 000 metres
- Installed new and replaced 11kV Switch Gear Panels - 72 new 36 refurbished and upgraded
- Installed new and replaced of old Mini-substations - 14
- Installed new and replaced overloaded Underground Cables – 18 600 metres
- Installed new and replaced 11kV Ring Main Units - 4
- Installed new and replaced 11kV Transformers Only - 3



Installation of New Switch Gear in Beach Switch House



Installation of New Mini Sub-Station

IDP FORWARD PLANNING;

In terms of the IDP the electricity Department has the following mandates:

- To ensure an electricity infrastructure service that is inclusive, safe, reliable, efficient and adequately maintained.
- Provision of sustainable lighting throughout the license area of supply.
- Roll out of the electrification programme within the BCMM area of supply.
- To ensure that households within BCMM have access to basic level of electricity.
- Provision of basic level of electricity to households.

Electricity infrastructure:

The Electricity Department has updated the electrical master plan, as it is one of the tools used to identify problem areas which require action in terms of replacement, upgrading or refurbishment.

In addition to the Master plan the electricity department evaluates the network conditions by tracking faults and network status.

Electrification Programme

The electricity department is an implementing agent for the National Government universal access to basic service program funded by the Department of Energy through the INEP funds.

The electricity department is also implementing the council resolution to provide safe electricity connections to informal dwellings that meet the approved informal electrification guidelines.

Sustainable Lighting

The department provides lighting to all new RDP developments during the electrification project.

The department also investigates all requests for street lighting that are received through the IDP hearings.

Individual requests that are received from consumers are also investigated.

To meet all of the above mandated responsibilities the department has requested funding to ensure that the required projects can be implemented.

Shown below is the funding requirement:

Project Name	2017/2018 Draft Capital Projects	2018/2019 Draft Capital Projects	2019/2020 Draft Capital Projects	2020/2021 Draft Capital Projects
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	70 000 000	80 000 000	80 000 000	80 000 000
Bulk Electricity Infrastructure Upgrade - Replacing Existing Infrastructure	40 000 000	40 000 000	40 000 000	40 000 000
ADDITIONAL REQUEST: Replacement of Movable Assets - Bulk Electricity Supply Infrastructure Upgrade at Stafford, Progress and Stoneydrift and other Associated 132KV Lines	113 662 040	67 171 267	45 093 073	45 093 073
INEP Electrification Programme	30 000 000	30 000 000	25 000 000	25 000 000
Electricity Demand Side Management Programme	5 000 000	3 000 000	25 000 000	25 000 000
INEP Electrification Programme - Counterfunding	5 000 000	5 000 000	7 000 000	7 000 000
Electrification of Informal Dwelling Areas within BCMM	10 000 000	10 000 000	10 000 000	10 000 000
Street Lighting and Highmasts within BCMM Areas of Supply	5 000 000	5 000 000	10 000 000	10 000 000
	278 662 040	240 171 267	242 093 073	242 093 073

MAJOR CHALLENGES IN ELECTRICITY SERVICES AND REMEDIAL ACTIONS

BACKLOG OF CAPITAL REPLACEMENT

The Electricity Department has updated the electrical master plan, as it is a very important tool that is used to identify problem areas which require action in terms of replacement, upgrading or refurbishment. The master plan has identified an estimated R650 million backlog in upgrading, refurbishment and replacement. Over the past three years, BCMM has invested an estimated R300 million in the electrical network, reducing this backlog to an estimated R400 million. While this investment has assisted in normalising the network, a substantial investment into operational and maintenance funding is required to ensure that the capital investment made into the network is not lost and the network remains stable into the future.

SKILLED LABOUR

The Electricity Department has a shortage of skilled labour such as engineers, technicians and electricians. At present, the department has a shortage of electricians for the areas maintained within the electricity supply area. These positions have been advertised on numerous occasions over the last few years; however, vacancies still exist. Government, as a whole, has acknowledged the shortage of skilled personnel in various sectors of the engineering field. It has been proposed that, in order to meet the need for skilled labour, the electricity department opens an internal training school which would cater for apprentices as well as engineers and technicians.

The Electricity Department took part in the National Treasuries internship program, which has resulted in the qualification of 9 new electrical artisans.

STREET LIGHTING IN INFORMAL AREAS

The electricity department has installed street lighting in informal areas but has found that it becomes a point of illegal connection. As the illegal connections overload the system, the circuit fails rendering the lighting inoperable and therefore not providing the service it was installed to provide. When the circuit fails it is usually vandalised and the conductor is stolen to be used within the informal area to create an illegal network which is connected to the electrical system. High masts have also been installed to provide lights, but are also prone to vandalism and to be used as a point of illegal supply rendering them ineffective.

High masts have also been placed away from informal dwellings but close enough to provide some lighting in the informal areas. This is not always possible to achieve due to the town layout and space required to install high mast lighting.

As the street lighting is used for illegal connections and not the service it is meant to provide, the lighting circuit within these areas adds to the electrical losses seen within the city.

ESKOM'S PROVISION OF SERVICES WITHIN BCMM AREA OF JURISDICTION:

Eskom has a NERSA license to supply rural areas which fall outside the BCMM area of supply. As the Municipality does not have a service level agreement with Eskom, a number of issues arise.

- Different tariffs to communities within the same area
- Different service levels to communities within the same area. BCMM provides a supply of 40 amps, ESKOM Supply 20 amps or less.
- Street lighting is not provided in ESKOM's area of supply.

Street lighting is provided to consumers within the areas supplied by the BCMM network.

BCMM can provide this service, as the BCMM electricity tariff makes allowance for this service.

BCMM does not receive any income from electricity sales from consumers within the ESKOM area of supply; therefore, it is unable to finance and maintain street lights within the ESKOM areas.

In terms of the Municipal Systems Act, any service providing services within a municipal jurisdiction should do so under a service level agreement. Such a service agreement would resolve the issues mentioned above and a number of others such as credit control.

As the issue of a service level agreement does not only affect BCMM but all municipalities, SALGA is negotiating a distribution service level agreement with ESKOM.

SALGA is willing to take this issue up legally if ESKOM does not comply as the legal requirements are quite clear and at this time both ESKOM and municipalities are not complying with the requirements.

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Waste collection

The BCMM has delegated the responsibility of environmentally sound management of waste to the Department of Solid Waste Management Services under the Directorate of Municipal Services. The Department of Solid Waste Management is comprised of the following Units: Operations Unit, Waste Minimisation Planning & Education Unit and Landfills and Transfer Stations. The Solid Waste Management Services Department is responsible for refuse collection, street sweeping, waste information or waste data management, recycling, awareness, operations and management of transfer stations and landfill sites.

These are regulated municipal services in terms of the Constitution of the Republic of South Africa, as well as the National Environmental Management Act, 1998 (Act 107 of 1998).

Waste is collected once a week to a total of 233 750 out of 275 000 households in BCMM areas. The remainder of the households represents the informal settlements that are serviced through the removal of illegal dumps. Informal settlements receive collection services less than once a week. The collection service is poor, being maintained on 50 % and above on weekly kerb side collection to all formal households. Irregular waste collection service is rendered to business in the three regions. BCMM has converted the existing storage infrastructure to a 240ℓ bin system. During the year under review, 240ℓ bins were distributed in 18 000 households.

BCMM Waste Facilities

BCMM has fifteen (15) waste management facilities. The City has twelve (12) landfill sites and four (4) transfer stations, namely:

- Two of the ten landfill sites are permitted and operational - King Williams Town and EL Regional Landfill sites, while

- Ten (10) landfill sites are closed due to non-compliance and the fact that they were never permitted or licensed - King Williams Town Tannery, NU2 Mdantsane, Nu12 Mdantsane, Ducats, Dimbaza, Berlin Battery, Beacon Bay, Old Everate, Second Creek, Westbank
- The City has four (4) transfer stations, namely: Stoney Drift, Beacon Bay Garden Transfer station, Kidds Beach and Kaysers Beach transfer stations.

The Buffalo City Metropolitan Municipality has two permitted landfill sites namely: EL Regional site and KWT landfill site.

EL Regional Site/Roundhill - The facility came into operation in 2006. Roundhill is categorised as GLB+. In 2012 the City was issued with a number of non-compliance notices. This was due to poor operations and poor management of the facility.

Envitech Solutions conducted an External Audit of the facility and it was found to be 80% non-compliant. The total number of waste volumes disposed of in Roundhill is 120 000 tons per annum. It is estimate that the remaining lifespan is 20 years. The Emergency Contractor (Interwaste) was appointed to bring the facility back into compliance.

The scope of works for the Emergency Contractor included the rehabilitation of two cells and the management of the site for the period of 24 months. Interwaste started operating and managing the site in June 2015.

The scope of works includes the following:

- Repair and Upgrade two Weighbridges
- Skills transfer and Staff integration
- Environmental Monitoring
- Quarterly Internal Auditing
- Social Facilitation
- Construction of Temporary Cell 3
- Exposing the existing landfill liner and leachate system
- Partial Capping and Rehabilitation of Landfill Cell 1 and 2
- Stormwater Management
- Leachate Management
- Gas ventilation on Cell 1 and 2
- Repairs to the gravel site access road

- Relocation of waste from Temporary Cell 3 to Cell 4
- Repairs to Concrete Palisade Fence

KWT Landfill site is permitted and is estimated that the remaining lifespan of the facility is 10 years. The facility is managed by BCMM.

Recycling

There have been minimal initiatives by the City on recycling and waste minimisation. The City was funded by the Department of Environmental Affairs through an Environmental Protection and Infrastructure Programme (EPIP) to establish a buy back center.

Education and Awareness

BCMM has initiated programmes to increase awareness concerning waste management and particularly to promote a cleaner environment to live in, in and around urban areas.

The main purpose of the programmes is to raise awareness and educate BCMM residents/community about issues related to cleanliness, waste, environmental management and sustainable development. The Waste management awareness focuses on the following main areas: waste management awareness, anti-littering programmes for the public, clean up campaigns and the Adopt Spot programme.

BCMM has benefited from the **Youth Jobs in Waste Programme**. The programme was officially launched by the Minister on 17 June 2013 in Maloti-a-Phofung. There are twenty-one beneficiaries employed by BCMM. The 21 beneficiaries and one team leader are responsible for Environmental Awareness and Waste Management administration.

The following are the awareness programs conducted in 2015/2016 financial year:

- Clean up campaigns
- Waste education in schools
- Door-to-door campaign by Youth Jobs in Waste Beneficiaries on waste management

Free Basic Services

The BCMM adopted an Indigent Support Policy. The basic principles of this policy are poor households are not denied their constitutional right of access to services, the City is required to implement an indigent support policy which makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction. The indigent policy is intended to provide poor households with ongoing access to a specified level of service. The subsidies contained in the policy should not compromise the quality or efficiency of service delivery. The municipality currently provides a free basic refuse removal service to poor households.

ACHIEVEMENTS

- Distribution of 18 000 wheelie bins to households
- Conducted waste education awareness campaigns in schools
- Door-to-door campaign by Youth Jobs in Waste Beneficiaries on waste management
- Rehabilitation of two waste cells and construction of temporary cell 3

CHALLENGES	
FOCUS AREA	CHALLENGES
Landfill Sites	<ul style="list-style-type: none"> • Poor landfill operations and management • Non adherence to permit conditions (waste record keeping, daily compaction) • Non-compaction of waste causing fires • Non reporting to South African Waste Information System as stipulated in Waste Management Strategy • Internal and External audits are not conducted
Transfer stations	<ul style="list-style-type: none"> • access is not controlled • Stoney Drift, Kaysers and Kidds Beach are unlicensed • Stoney Drift - Poor operations (on the verge of being closed down) • Non reporting to South African Waste Information System as stipulated in Waste Management Strategy • No direction or information signs • Lack of Sanitary and storage facilities • Stoney Drift, Kaysers Beach and Kidds Beach - No gate attendants • No provision of garden transfer station resulting in illegal dumping sites • No Transfer station in BCMM
Waste Minimisation/Recycling and Education	<ul style="list-style-type: none"> • Informal recyclers not registered • Recyclers are not coordinated • Lack of Education/Awareness Strategy • Lack of education and training • Lack of effective Clean-up Campaigns • Separation is done at a limited scale •
Operations	<ul style="list-style-type: none"> • Non distribution of refuse bags • Irregular waste collection causing illegal dumping • Service below recommended standards • Street sweeping and gutter cleaning not done • Distance to the landfill site • Mechanically unreliable trucks • Rural areas are not serviced • Inability to attract investors • Negative publicity
Strategic	<ul style="list-style-type: none"> • Non distribution of refuse bags • Irregular waste collection causing illegal dumping • Service below recommended standards • Street sweeping and gutter cleaning not done • Distance to the landfill site • Mechanically unreliable trucks • Rural areas are not serviced • Inability to attract investors • Negative publicity

FOCUS AREA	REMEDIAL ACTION
Operations	<ul style="list-style-type: none"> Refuse bags - distribution of refuse and ensure that there is Annual contract for refuse bags Loss of revenue – improve standard of service delivery to instill/recover confidence from Clientele
Transfer stations	<ul style="list-style-type: none"> Construction of new transfer station – Wilsonia Fencing of the existing transfer station
Landfill Sites	<ul style="list-style-type: none"> Construction of Cell 3, Cell 4 and leachate treatment plant – EL Regional Landfill site Conduct external audits
Strategic	<ul style="list-style-type: none"> Review of IWMP Waste Indaba
Waste Minimization/Recycling and Education	<ul style="list-style-type: none"> Clean up campaigns Register recyclers
T3.4.1	

Solid Waste Service Delivery Levels					Households
Description	2012/2013	2013/2014	2014/2015	2015/2016	
	Actual No.	Actual No.	Actual No.	Actual No.	
<u>Solid Waste Removal: (Minimum level)</u>					
Removed at least once a week	2 846	2 235	28 Areas including RDP and Informal houses	130 000	
<i>Minimum Service Level and Above sub-total</i>	2 846	2 235		79 200	
<i>Minimum Service Level and Above percentage</i>	51.5%	44.8%	28 Areas including RDP and Informal houses	60%	
<u>Solid Waste Removal: (Below minimum level)</u>					
Removed less frequently than once a week	565	523	(unable to give percentages)	1 956	
Using communal refuse dump	487	865	±500	6 807	
Using own refuse dump	565	523	±20 000	46 980	
Other rubbish disposal	938	720	28 Areas	7 260	
No rubbish disposal	124	124	Rural Areas within BCMM	3 156	
<i>Below Minimum Service Level sub-total</i>	2679	2 755		66 159	
<i>Below Minimum Service Level percentage</i>	48.5%	55.2%	Rural Areas within BCMM	41%	
Total number of households	5525	4 991		158 400	
					T 3.4.2

Households – Solid Waste Service Delivery Levels below the minimum			
Description	2015/2016		
	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements			
Total households	166 658	166 658	166 658
Households below minimum service level	46 658	46 658	46 658
Proportion of households below minimum service level	28%	28%	28%
Informal Settlements			
Total households	55 165	55 165	55 165
Households is below minimum service level	12 623	12 623	12 623
Proportion of households is below minimum service level	23%	23%	23%
			<i>T 3.4.3</i>

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Provision of weekly collection service per household (HH)</i>	Proportionate reduction in average weekly collection failures year on year (average number of collection failures each week)	3 areas per week	3 areas per week	3 weekly collection failures	3 weekly collection failures	4 weekly collection failures	0 weekly collection failures)	0 weekly collection failures)	0 weekly collection failures)
<i>Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites</i>	The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage	23 years @ Roundhill	25 years @ Roundhill	20 years @ Roundhill	20 years @ Roundhill	20 years @ Roundhill	20 years @ Roundhill	23 years @ Roundhill	25 years @ Roundhill
<i>Proportion of waste that is recycled</i>	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.			No recycling initiatives yet	No recycling initiatives yet	No recycling initiatives yet	5 % of year 0 waste recycled	10% of year 0 waste recycled	15% of year 0 waste recycled
<i>Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.</i>	x% of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989.	60% of sites compliant	20% of sites compliant	70% of sites compliant	70% of sites compliant	70% of sites compliant	80% of sites compliant	100% of sites compliant	100% of sites compliant
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T3.4.4									

T3.4.4

Employees: Solid Waste Management Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	434	465	415	50	11%
4 - 6	45	59	50	9	15%
7 - 9	68	76	72	4	5%
10 - 12	17	18	15	3	17%
13 - 15	3	1	0	1	100%
16 - 18	3	5	2	3	60%
19 - 20	0	0	0	0	0%
Total	570	624	554	70	11%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	12	10	2	17%
4 - 6	0	0	0	0	0%
7 - 9	2	2	2	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	10	14	12	2	14%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.4.6

Financial Performance 2015/2016: Solid Waste Management Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	332 955	355 725	355 725	357 124	0%
Expenditure:					
Employees	106 362	96 561	101 451	113 146	15%
Repairs and Maintenance	17 081	22 766	22 187	21 903	-4%
Other	140 079	127 903	129 343	147 700	13%
Total Operational Expenditure	263 522	247 230	252 981	282 750	13%
Net Operational Expenditure	(69 433)	(108 495)	(102 744)	(74 374)	-46%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.4.7

Financial Performance 2015/16: Waste Disposal and Other Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 842	27 017	18 508	19 963	-35%
Expenditure:					
Employees	8 820	9 049	9 443	10 087	10%
Repairs and Maintenance	36	119	119	65	-83%
Other	27 807	33 798	47 595	43 592	22%
Total Operational Expenditure	36 662	42 966	57 157	53 745	20%
Net Operational Expenditure	26 820	15 948	38 649	33 782	53%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.4.8					

Capital Expenditure 2015/2016: Waste Management Services					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	21 710	61 502	29 356	26%	
Office Furniture	–	198	189	100%	–
Solid waste project - Waeigh Bridge KWT	–	1 121	616	100%	–
Drop off Points	–	–	–	0%	–
Transfer Stations	–	2 000	1 748	100%	–
Waste Management Project - Plant Hire and Equipment	–	7	–	0%!	–
Solid Waste Mechanical Plant for Vehicles	–	30 498	3	100%	–
Waste Management Facilities Programme	1 000	–	–	0%	–
Construction and Rehabilitation of Waste Cells	20 710	27 677	26 799	23%	–
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.4.9					

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

The Department has developed a Clean Up and Awareness Raising Programme that will assist in changing the mind-set and behaviour of the Communities as well as educating them about the importance of Clean Environment and surroundings with the aim of reduction of littering and illegal dumping of waste. The area of operation and delivery of waste management service is expanding due to amongst others, urbanisation, development of new settlements and economic growth. This therefore means that the

Municipality has to provide resources that are aligned with the waste management services required. The Department has in the 2015/2016 financial year rehabilitated cell 1 and cell 2 at EL Regional Landfill site. This is to improve compliance of the facility and ensure that the site is operated and managed in terms of perms conditions as highlighted in this report. A weighbridge has been installed at KWT Landfill site.

As our two main landfill sites (ie King William's Town and Round hill) have been noncompliant with the requirements of the Waste Management Regulations. In this period of reporting the department has conducted some activities towards achievement of compliance of these sites. A Weigh Bridge has been installed in the King Williams Town Landfill Site. The department has implemented a Waste Minimisation Initiatives in pilot areas which included Waste Separation at Source, establishment of a Buy Back Centre and Composting. The intention is to strengthen the project in the current areas to gain more experience in preparation for extension to these areas.

The department has challenges of spiraling illegal dumping of waste and as such has developed a Clean Up and Awareness Raising programme that will assist in changing the mind-set and behaviour of the Communities as well as educating them about the importance of Clean Environment and surroundings with the aim of reduction of littering and illegal dumping of waste. The Economic Growth of Buffalo City Metropolitan Municipality comes with extension of service areas, complexity of waste and high volumes of waste. Non availability of transfer stations, this leads to communities dumping their waste on open spaces. Long distance travelled by trucks to landfill sites, thus leading to frequent breakdowns and delay in the refuse collection schedule.

ACHIEVEMENTS

- Distribution of 18 000 wheelie bins to households
- Conducted waste education awareness campaigns in schools
- Door-to-door campaign by Youth Jobs in Waste Beneficiaries on waste management
- Rehabilitation of two waste cells and construction of temporary cell 3

T 3.4.10

INTRODUCTION TO HUMAN SETTLEMENT

In terms of the Housing Act of 1997 and also with reference to the housing accreditation framework, the Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate, facilitate, promote and enable appropriate housing development. As part of the IDP, it also undertakes to take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and furthermore, to ensure that conditions which are not conducive to health and safety are removed.

Review of the Housing Sector Plan (HSP) was done in Quarter 4. The housing allocation and relocation policy has been officially adopted by Council and road shows begun in Quarter 4.

The creation of affordable and well-located rental stock for the rapidly-growing, mobile (migrant) and urban population within inner city and other locations close to economic opportunities is a priority. However, a major challenge for the Metro has been the shortage of well-located and affordable land for housing provision. The establishment of restructuring zones will be done in 2016/2017 financial year.

In addition, the Metro has lacked a coherent strategy for land acquisition, apart from the fact that public land is 'vested' in the State. In addition, there is simply no land available for housing development in the Metro. Thus, there is a need for further land acquisition. Land release is further hampered by the various pieces of legislation and the legal procedures related to the alienation of land, the difficulties in accessing state-owned land and the constitutional imperatives impacting on the acquisition of private land.

In response to this challenge, the Metro engaged with the Housing Development Agency (HDA) and signed a protocol agreement that will allow for land release and acquisition. During November 2013, the protocol agreement between BCMM and HDA was signed. However, efforts need to be applied to improve the relationship between the two institutions in order for the agreement to bear fruit.

Municipality undertakes to set housing delivery goals, identify and designate land for housing development, initiate, co-ordinate, facilitate, promote and enable appropriate housing development. As part of the IDP, it also undertakes to take steps to ensure that the inhabitants of its area have access to adequate housing on a progressive basis and furthermore, to ensure that conditions which are not conducive to health and safety are removed.

The Directorate of Human Settlements is measured according to the Number of Top Structures completed, Number of serviced sites completed and Number of beneficiaries registered. In the financial year 2015/2016 the Directorate had a target of 1700 top structures, 1961 internal service and 3500 beneficiaries. The Directorate under achieved and only succeeded to complete 936 top structures, 1153 internal services and 1795 registered beneficiaries. Numerous challenges contributed to the under achievements amongst many the non-availability of general plans in ongoing projects and beneficiary quarrels on in situ developments attested to be very unfavorable for the Directorate. The municipality was inculcated by Provincial Department of Human Settlements to discontinue registration of new beneficiaries citing a bottleneck of approved beneficiaries that have not been provided with houses. The accessibility of appropriate land in the Metro for Human Settlement development remains a colossal challenge for the directorate. The budget of the directorate is also inadequate to service the necessity on the ground. The Directorate of Human Settlements delivers houses to individuals earning R3 500 and less which are characterized as indigents according to the Housing Act.

During this term of council the Metro as a Level 1 accredited developer has made significant progress with regards to Human Settlements. 5378 Top Structures and 4412 Serviced Sites have been delivered during this term.

Second Creek residents were provided with decent houses with full ownership. Leading to the Metro winning a National Govern Mbeki Housing Award for the best informal Settlement upgrading project. Due to the quality of housing units delivered by the Human Settlements Directorate the Metro has also won award for the best rural housing project: Storm Damage = 988. Airport phase 2 project with 195 units have been completed and also the following;

- Reeston (Phase 3) = 3637
- Manyano / Tembelihle in Mdantsane = 850

- Reeston Phase 3 = 474
- Mdantsane Infill Areas = 1459

As part of informal settlement upgrading the Metro continues with the construction of top structures for:

- Reeston (Phase 3, stage 3) = 1137 units
- Manyano / Tembelihle in Mdantsane = 850 units
- Mdantsane Cluster 1 = 1459 units
- Mdantsane Cluster 2 = 908 units
- Cluster 3 (Fynbos and Ndancama) = 1397 units.

As part of our rural development programme many housing opportunities will be provided to many rural communities in the Metro. These include:

- Postdam Ikhwezi 800 units
- Postdam Village 800 units
- Potsdam North Kanana 600 units
- Peelton / Hanover and Skobeni 1242 units
- Tsholomnqa (Storm Damage) 150 units
- Storm Damage (All Areas) 260 units
- Sunny South 360 units

As a contribution to the Housing Sector Plan (HSP), the City is developing an Integrated Sustainable Human Settlement Plan (ISHSP) which will define what is required to unlock housing delivery in a particular area of BCMM and to identify what other social and infrastructural services would be required to do so in a holistic and integrated way.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2012/2013	223 568	162 004	72.46%
2013/2014	223 568	162 004	72.46%
2014/2015	224 578	174 562	77.73%
2015/2016	225 514	175 498	77.82%
<i>T 3.5.2</i>			

Housing Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
<i>Service Indicators</i>		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To improve the quality of life through provision of descent formal houses	Number of top structures completed	1700	936	1500	1254	700		700	
To improve the quality of life through provision of bulk and internal Services	Number of serviced sites completed (Informal settlements upgraded (service provided) (Roads, water and sanitation)	1961	1154	1700	1731	1000		1000	
Beneficiary Registration for home ownership	Number of beneficiaries registered for possible home ownership	3500	1795	3500	4062	1600		1600	
T3.5.3									

Employees: Housing Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	10	10	0	0%
4 - 6	13	8	8	0	0%
7 - 9	12	24	19	5	21%
10 - 12	13	16	9	7	44%
13 - 15	3	1	0	1	100%
16 - 18	2	6	3	3	50%
19 - 20	0	2	0	2	100%
Total	46	67	49	18	27%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.5.4					

Financial Performance Year 2015/2016: Housing Services						R'000
Details	2014/2015	2015/2016				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	342 110	627 309	262 924	191 817	-227%	
Expenditure:						
Employees	15 088	21 028	22 401	13 341	-58%	
Repairs and Maintenance	86	97	97	96	-2%	
Other	203 442	556 627	365 355	203 196	-174%	
Total Operational Expenditure	218 617	577 751	387 853	216 633	-167%	
Net Operational Expenditure	(123 494)	(49 557)	124 929	24 816	300%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.5.5

Capital Expenditure Year 2015/2016:Housing Services						R' 000
Capital	2015/2016					
	Budget	Adjustment budget	Actual Expenditure	Variance from Original budget	Total project value	
Total All	211 424	229 491	203 043	-4%	211 424	
Office Furniture and Equipment (Directorate)	–	511	128	100%	–	
MHSCG - Computer Equipment	–	1 100	83	100%	–	
Reeston Phase 3: Stage 2	15 000	18 000	18 000	100%	15 000	
Reeston Phase 3: Stage 2 - P1 & P3	5 000	5 837	5 837	200%	5 000	
Reeston Phase 3 Stage 3	30 000	54 113	51 835	300%	30 000	
Reeston Phase 3 Stage 3 - P1 & P3	5 000	5 548	15 036	400%	5 000	
Potsdam Ikhwezi Block 1	8 900	202	164	700%	8 900	
Potsdam Ikhwezi Block 2	200	200	75	800%	200	
Potsdam North Kanana	200	643	–	900%	200	
Iliitha North 177 Units	4 000	100	–	1100%	4 000	
Duncan Village Proper	20 000	–	–	1400%	20 000	
C Section and Triangular Site	11 300	–	–	1600%	11 300	
D Hostel	9 300	–	–	1800%	9 300	
Mdantsane Zone 18 CC Phase 2	8 500	2 747	2 346	0%	8 500	
Block Yard TRA	–	2 000	1 469	100%	–	
Second Creek (Turn Key)	–	2 341	–	0%	–	
Amalinda Co- Op	4 800	239	44	-10700%	4 800	
Cluster 1 (Masibambane; Masibulele; Velwano; Ilinge and Dacawa)	25 000	71 505	47 761	48%	25 000	
Cluster 2 (Chris Hani 3; Winnie Mandela; Deluxolo Village; Sisulu Village; Francis Mei; Mahlangu Village, Mathemba Vuso, Gwentshe)	13 024	4 568	2 123	-514%	13 024	
Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	25 350	46 350	52 742	0%	25 350	
Braelyn ext 10 - P1 & P3	6 300	800	389	0%	6 300	
Sunny South	100	532	3 539	0%	100	

Capital Expenditure Year 2015/2016:Housing Services					R' 000
Capital	2015/2016				
	Budget	Adjustment budget	Actual Expenditure	Variance from Original budget	Total project value
10 Gates at Z. Soga Beneficiaries of Mdantsane West	–	30	–	0%	–
Beneficiary Administration (Procure GPS Devices)	150	–	–	0%	150
Amalinda Fairlands	300	300	–	0%	300
Tyutyu Phase 3	500	250	–	0%	500
Westbank Restitution	16 000	–	(0)	0%	16 000
DVRI Infrastructure Programmes	2 500	–	–	0%	2 500
Ilitha Eradication of Wooden Houses to formal houses	–	1 400	484	0%	–
Manyano & Tembelihle (water meters)		1 000	987	0%	-
Egoli Electrification of 31 houses		140	–	0%	-
Mdantsane Urban Renewal Project (Mount Ruth Node)		9 036	–	0%	-
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.5.6</i>

COMMENT ON THE PERFORMANCE OF THE HUMAN SETTLEMENTS SERVICE OVERALL:

There are approximately 50 386 informal settlement structures located in 154 informal settlements within the BCMM Urban Edge (Census 2011). The highest density and number of informal settlement structures is located in Duncan Village. There are a further 28 000 backyard shacks located in BCMM, with the highest numbers being in the greater East London area and the Mdantsane and Potsdam area.

The municipality is currently involved in the following priority housing programmes:

- Emergency housing programme; assisting ECDoHS which is the leading stakeholder.
- Upgrading of informal settlement programme;
- Rural housing subsidy programme;
- Project linked subsidy programme;
- Disposal of municipal housing stock (discount benefit scheme);
- Social Housing support programme and Consumer Education.

- Beneficiary Administration
- Policy Development to facilitate improved service delivery

The objective of BCMM is to accommodate all residents, presently residing in informal settlements, in formal housing through an incremental process. This will result in those currently receiving a sub-economic RDP level of services, receiving full level of RDP or higher level of services.

However, owing to the extent of the housing to be delivered and the income levels of the beneficiaries, the impact of this housing programme will be significant both in terms of land acquisition, state land transfer, water/sanitation services provision (extent of infrastructure required to support such development) and the sustainability of the Municipality in maintaining such services (most beneficiaries of the housing programme will more than likely not be able to afford the higher levels of service).

In the 2015 / 2016 financial year, various housing projects were implemented within the City by the Municipality (BCMM) and the Provincial Department of Human Settlements (PDoHS). These projects are located within East London, Reeston, Duncan Village, Mdantsane/Potsdam, King William's Town and rural areas.

During this term of council the Metro as a Level 1 accredited developer has made significant progress with regards to Human Settlements. 5378 Top Structures and 4412 Serviced Sites have been delivered during this term.

Second Creek residents were provided with decent houses with full ownership. Leading to the Metro winning a National Govern Mbeki Housing Award for the best informal Settlement upgrading project. Due to the quality of housing units delivered by the Human Settlements Directorate the Metro has also won award for the best rural housing project: Storm Damage = 988. Airport phase 2 project with 195 units have been completed and also the following;

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As part of informal settlement upgrading the Metro continues with the construction of top structures for:

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As a contribution to the Housing Sector Plan (HSP), the City is developing an Integrated Sustainable Human Settlement Plan (ISHSP) which will define what is required to unlock housing delivery in a particular area of BCMM and to identify what other social and infrastructural services would be required to do so in a holistic and integrated way.

The directorate did not accomplish its objectives for the 2015/2016 financial year owing to a number of challenges, specifically deferments in availability of general plans, beneficiary quarrels some ref to refusing locate in order to avail construction space and unforeseen services uncovered during the construction stage.

In April 2016, the Provincial Department of Human Settlements announced that the Municipality should not proceed with the registration of new beneficiaries citing a backlog of approved beneficiaries who have not yet been provided with houses.

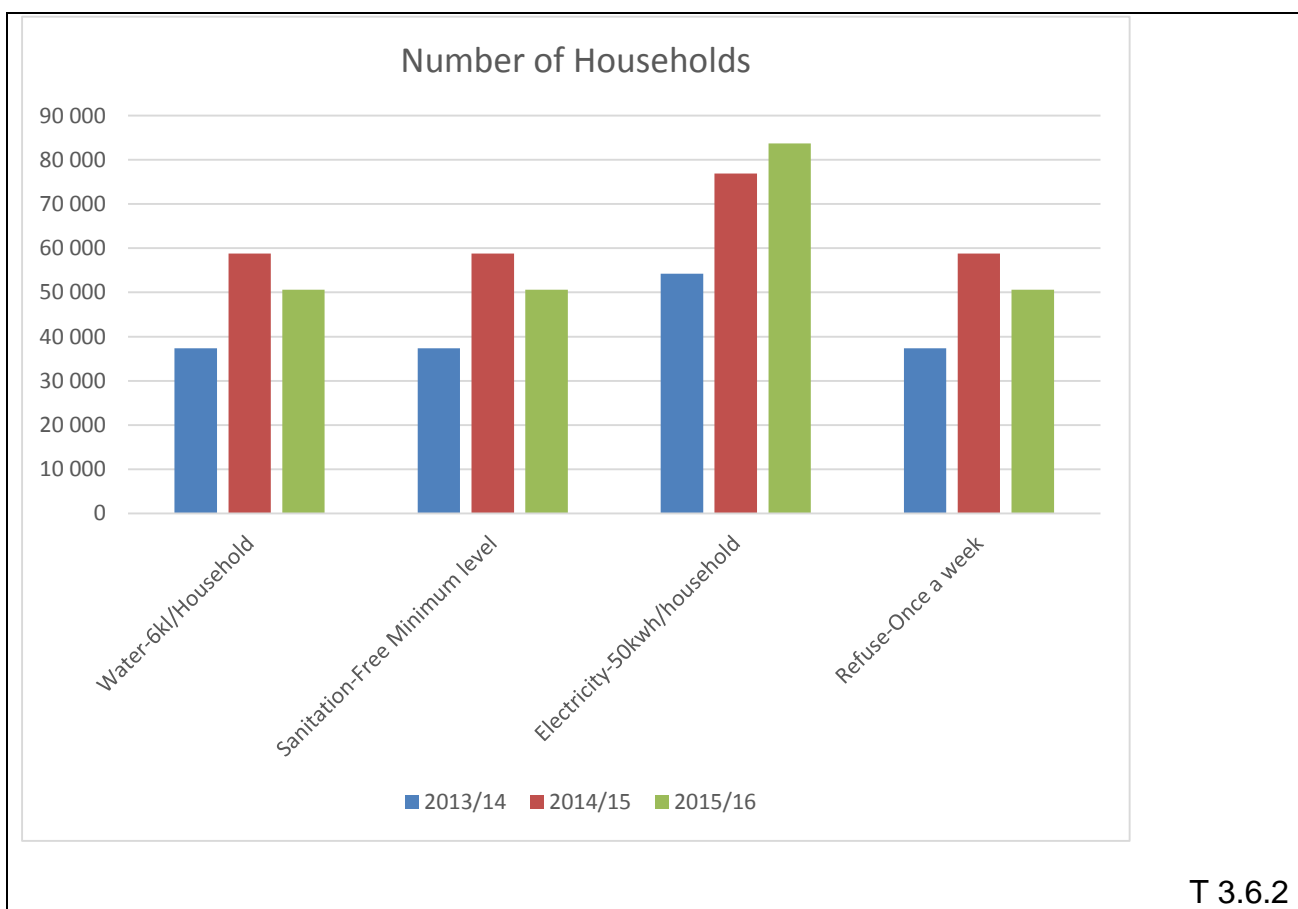
T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Buffalo City Metropolitan Council adopted a separate Indigent Support Policy in June 2010 and it revises the policy annually. For the period 2015/2016, the policy stipulates and prescribes the qualifying criteria for a domestic household based on gross household income equal to two social grants per month or property value R120 000 or less. Where the property value is R120 000 or less the Indigent subsidy is automatically granted. Where the property value exceeds that amount the Indigent customer must make an annual application.

T 3.6.1



Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R2,800 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2013/14	105 000	54 240	37 328	69%	37 328	69%	54 240	100%	37 328	69%
2014/15	108 167	76 891	58 797	76%	58 797	76%	76 891	100%	58 797	76%
2015/16	124 819	83 714	50 579	60%	50 579	60%	83 714	100%	50 579	60%
										T 3.6.3

Financial Performance 2015/2016: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2014/2015	2015/2016			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	17,809			20,058	100%
Waste Water (Sanitation)	41,356	41,547	74,773	70,987	41%
Electricity	182	7,655	8,589	8,098	5%
Waste Management (Solid Waste)	38,467	71,102	67,431	66,027	-8%
Total	97,815	120,304	150,794	165,169	27%
					T 3.6.4

Free Basic Services Objectives taken from IDP						
Service Objectives	Outline Service Targets	2013/2014		2014/2015		2015/2016
		Target	Actual	Target	Actual	Target
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vii)	(viii)
<i>Note</i> In terms of Water Services Free Basic Services are provided to low income households. No alternative support mechanisms are provided						
						T 3.6.5

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Indigent Support is provided in terms of the Indigent Support Policy of the Metro. Free electricity of 50kwh and free water of 6kl is provided, as well as a rebate on other services related to rates, sewerage, refuse and the fire levy. Council approves an annual poor relief package related to rates and services and this implemented every month during the financial year.

The funding for 2015/2016 were as follows:

R 209 150 718 – Indigent Subsidy on Debtors Accounts

R 8 097 682- FBE Rural Customers (Eskom area)

R 94 061 494- FB Water to Rural Communities (8 524 101 kl X 11.034770)

R 311 309 894 – Total Assistance on FBS for 2015 2016

T 3.6.6

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

Road Transport includes Roads and Mechanical Workshops which is described hereunder and 3.7A and 3.7B. The Public Bus Service is described under T3.8

T 3.7

3.7(A) ROADS

INTRODUCTION TO ROADS

Buffalo City Metropolitan Municipality (BCMM) has a surfaced road network of $\pm 1\,560\text{km}$ with estimated replacement cost of $\pm \text{R}6,5$ billion (surfacing and structural replacement of surfaced roads), and a gravel road network of $\pm 1\,260\text{km}$ with an estimated replacement cost of $\pm \text{R}0,40$ billion.

At the current rate of deterioration of the roads network, a capital budget of R 800 million is required over a period of three years in order to eliminate the roads network backlog. This does not include the provision of new infrastructure.

Owing to the shortfall in funding for roads renewals, there has been a noted increase in the prevalence of road failures and an increased rate of deterioration in the roads. When a road is not maintained at the time when the maintenance measure needs to be implemented as it leads to accelerate degradation of the road.

The following Major Roads capital projects have been completed in the 2015/2016 financial year and have improved the road conditions and traffic congestion in the areas in which they have been implemented.

Upgrading Of Mdantsane Roads

This project is a multi-year and multi-phased project for the upgrading of existing gravel roads in Mdantsane to surfaced standards. These roads are predominantly residential streets.

Phase 2 has been completed totalling 30km of roads.

Phase 3 has recently been awarded. It is broken down into 3 clusters:

Contract Number: BCMM/PIU/RDS/1378/(1; 2; 3)/2014

Cluster 1: Gorogang Plant Hire. (20km)	R 136 667 544, 53
Cluster 2: Down Touch Investments. (20km)	R 128 745 195, 48
Cluster 3: Nyoni Projects. (20km)	R 127 173 993, 61

Each cluster is made up of 20km of Gravel roads that are to be upgraded to surfaced standards including kerbing and stormwater drainage.

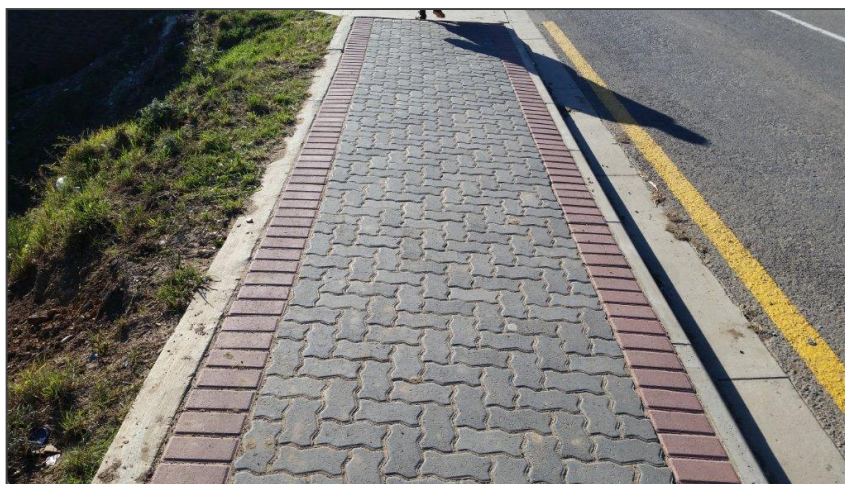
The work to be undertaken includes:

- Earthworks, gravel selected layers, sub-base and base layers with a 30mm asphalt surfacing.
- Kerbs, channels and edge beams
- Stormwater, catch pits and pipework
- Sidewalks
- Alterations to existing sewer, water and other services where needed.
- Cable ducts, Telkom and electrical, where needed.
- Finishing of the road reserves.

The project is complete.



Before

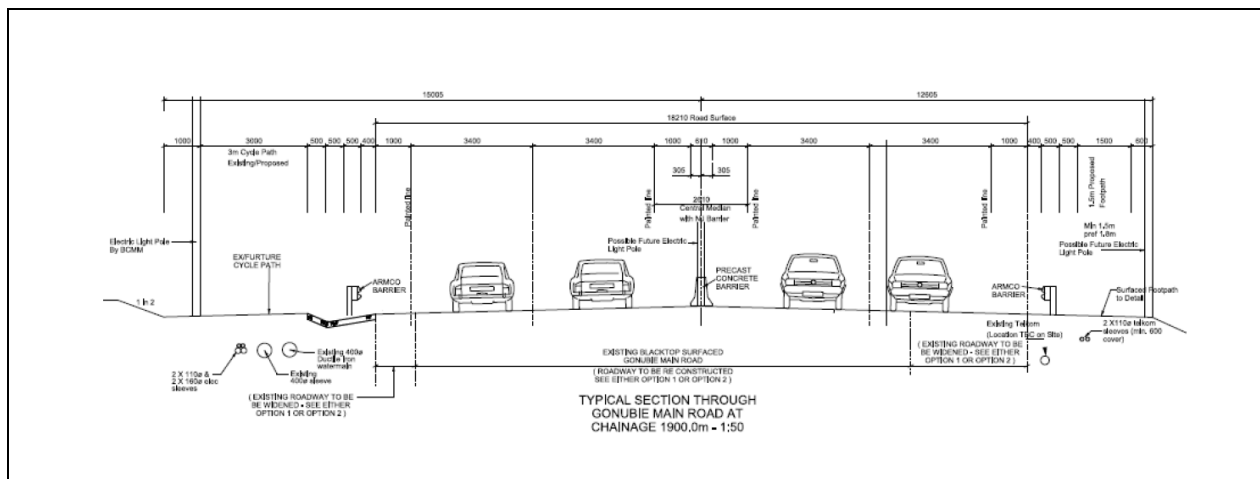


After

Contract value: R 150 581 826.72 including VAT

Gonubie Main Road is a typical four lane road with a central median vehicle restraint barrier, four 40m diameter traffic circles and a number of intersections. Also included is the provision of street lighting, ducts, relocation of services/provision of future services, storm water drainage/concrete v-drains, fencing, boundary walls/fencing, 3m asphalt cycle/footpath on the northern side and 1,5m asphalt footpath on the southern side and other ancillary work. Adequate, safe, and nuisance free, temporary, two way bypass roads for public use shall be provided for the duration of construction.

The project is currently 99% complete, with snagging underway.





Before





After

Quenera Drive

Contract value: R51 500 450, 00 **including VAT**

The Works comprise the construction, completion and defects liability period, of a black top surfaced dual carriage way primary distributor urban road some 0,5km in length, including one traffic circle, and completion of one traffic circle as an extension of an existing road, the construction of two black top single carriage way link roads, 1,04km long, between the end of the new road and existing urban streets, including street lighting, pedestrian walkways, cycle paths, and relocation of services

The project was completed in May 2016.



Before



After

Fleet Street

Zone 5: Reconstruction of Fleet Street from Currie Street to Fitzpatrick Road. The work was completed in June 2016. The construction value for the project is R 28 509 251 60 and the contractor is Siyahlobisa (Terminated), Luqaqambo Roadworks, Maziya Services.

The work consists of the following:

- Removal and reconstruction of the road layers and surfacing.
- Widening of the existing cross sections to accommodate the new turning slots.
- Hauling and spoiling of existing material
- Removal and relaying and/or replacing of the following services:
 - Water
 - Sewerage
 - Stormwater drains
 - Subsoil drainage
 - Telecommunications
 - Electrical
 - Traffic Signals
- Accommodation of Traffic
- Community liaison
- Repairing potholes and overlaying of selected roads adjacent to Fleet Street for accommodating traffic



Zone 1-4: R 164 050 000.00 (Crossmoor Construction)

The contractor will commence on site on 14 July 2016. The work is anticipated to continue for a period of 16 months.

Ward- based Volunteer Programme

500 Volunteers (10 per Ward) were recruited by the ward councillors of the 50 wards in BCMM. They were to undertake the patching of roads and clearing of open stormwater drains in the city. The programme lasts for a period of 6 months, and is renewed periodically.

This project trains the local community with the skills to be able to carry out minor road repairs, and the clearing of storm water drains.

After the 2016 local government elections, an additional 28 villages have been included into the BCMM boundaries. This has increased the length of roads to be maintained and upgraded in order to bring them to an acceptable level of service. The additional roads will require additional resources to be allocated for the maintenance and upgrading of the roads, including staff and budget.

The municipality currently provides for the maintenance of roads in proclaimed informal areas by blading and grading of roads. Surfaced roads can only be provided to formalized areas subject to budget availability.

SANRAL (South African National Roads Agency Limited) is currently undertaking the resurfacing of the N2 between Amalinda and Gonubie.

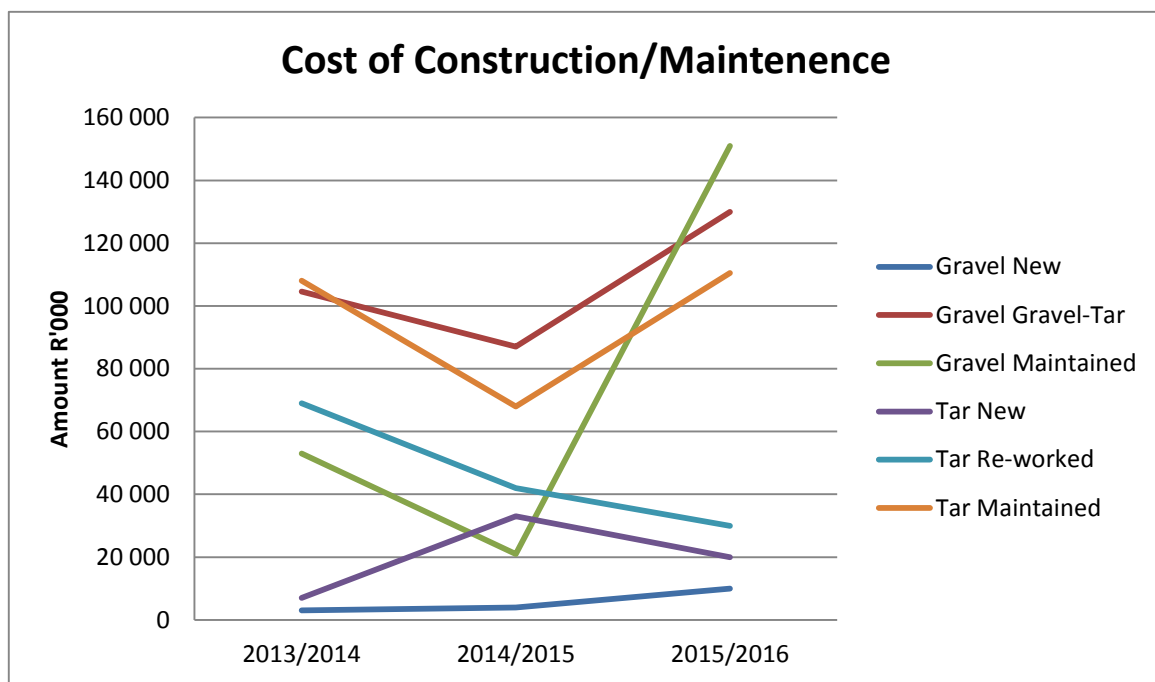
The Eastern Cape Department of Roads and Public Works has undertaken the rehabilitation of the Winterstrand and Sunrise-on-Sea Access Roads, Buffalo Pass and Mount Coke Roads.

T 3.7.1 - A

Gravel Road Infrastructure				
	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2013/2014	1 246,6 km	9 km	28,99 km	177.35 km
2014/2015	1 219,38 km	6.5 km	33.72 km	94.52 km
2015/2016	1 214,08 km	7.5 km	23 km	167.49 km
<i>T 3.7.2 - A</i>				

Tarred Road Infrastructure Kilometres					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2013/2014	1527,8 km	28,99km	6 km	6 km	6km
2014/2015	1556.79 km	33.72 km	12.8 km	5 km	18.8km
2015/2016	1590.51 km	23.0 km	10.6 km	4 km	682.7 km
T 3.7.3 - A					

Cost of Construction/Maintenance R'000						
	Gravel			Tar		
	New	Gravel-Tar	Maintained	New	Re-worked	Maintained
2013/2014	3 000	104 600	53 000	7 000	69 000	108 000
2014/2015	4 000	87 000	21 000	33 000	42 000	68 000
2015/2016	10 000	130 000	151 000	20 000	30 000	110 500
T 3.7.4 –						
A						



T 3.7.5 - A

Road Service Policy Objectives Taken from IDP								
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	2013/2014		2014/2015		2015/2016		2016/2017
		Target	Actual	Target	Actual	Target	Actual	Target
		(iii)	(iv)	(vi)	(vii)	(viii)	(ix)	(x)
To provide an accessible all weather BCMM road network	Existing roads gravelled or re-gravelled	150 km	47,6 km	100km	133.21 km	50 km	167.49km	50 km
	Kilometers of roads surfaced	15 km	18,2 km	25km	33.357 km	25 km	33.601km	25 km
	Kilometres of roads maintained	1200 km	116,5 km	1 200km	975.765 km	600 km	682.7 km	700 km
	Number of existing BCMM Bridges rehabilitated	2 No.	2 No.	1 No.	1 No.	3 No.	3 No.	3 No.
	Number of New Bridges Constructed	-	-	-	-	-	-	1 No.
	Kilometres of storm water drainage installed	-	-	20 km	37.298 km	10km	15.45 km	-
T 3.7.6 - A								

Employees: Road Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime Equivalents)	Vacancies (as a % of Total posts)
	No.	No.	No.	No.	%
0 - 3	129	168	154	14	8%
4 - 6	36	46	40	6	13%
7 - 9	29	31	24	7	23%
10 - 12	27	30	27	3	10%
13 - 15	18	4	3	1	25%
16 - 18	4	4	4	0	0%
19 - 20	0	0	0	0	0%
Total	243	283	252	31	11%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost					
*(Posts must be excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior Management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days					
T3.7.7A					

Financial Performance Year 2015/2016: Road Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	334	2 301	2 301	56	-4035%
Expenditure:					
Employees	17 816	30 853	33 045	27 891	-11%
Repairs and Maintenance	40 196	54 592	54 592	56 286	3%
Other	15 145	287 231	301 081	15 929	-1703%
Total Operational Expenditure	73 157	372 675	388 717	100 106	-272%
Net Operational Expenditure	72 823	370 373	386 416	100 050	-270%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.7.8 A					

Capital Expenditure Year 2015/2016: Road Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	265 000	358 289	331 770	20%	345 649
Quenera Beacon Bay Link Road	20 000	20 000	19 428	-3%	20 000
Upgrading of Mdantsane Roads	60 000	70 765	59 996	0%	60 000
KWT Roads	10 000	10 000	9 637	-4%	10 000
Gonubie Main Road	10 000	10 000	9 701	-3%	10 000
Rural Roads	30 000	30 000	33 090	9%	35 000
Fleet Street	20 000	20 000	19 994	0%	20 000
RDP Roads - Inland, Midlands and Coastal	15 000	15 000	11 636	-29%	15 000
Rehabilitation of BCMM Bridges and Stormwater	5 000	5 000	1 478	-238%	5 000
Roads Provision - Replacing Existing Infrastructure	80 000	130 266	130 266	39%	111 631
Procurement of Graders for Rural Roads - Yellow Fleet	15 000	15 000	14 435	-4%	15 000
Mdantsane Roads	–	8 554	8 195	100%	16 816
Fleet Street	–	10 000	13 065	100%	8 000
Urban Roads	–	13 704	850	100%	19 202
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.7.9 A					

COMMENT ON THE PERFORMANCE OF ROAD TRANSPORT OVERALL:

The Department performed satisfactorily. The targets which were set for SDBIP were all met. The overall capital expenditure for the 2015/2016 financial year is ±80 %.

Vacancies due to deaths, resignations, employment by BCMM and Government Departments & relocation of Ward Committee members: 6

The following Major Roads capital projects have been completed in the 2015/2016 financial year and have improved the road conditions and traffic congestion in the areas in which they have been implemented: **Upgrading Of Mdantsane Roads (R90 million) R60 million 2015/2016:** this programme has been prioritized due to the historical neglect of the area, and the need to upgrade the existing gravel roads in the area to surfaced standards in order to increase mobility and access to opportunities as well as improve the standards of living in Mdantsane,. **Gonubie Main Rd (R150 million) - R20 million 2015/2016:** This project was prioritized due to the fact that the road is the only access to the suburbs of Gonubie and Mzamomhle. This lead to major traffic congestion on the road leading to long travel times and increased number of road traffic accidents **Quenera Drive (R50 million) – R20 million 2015/2016:** The project has been prioritized as a vital second link road to the suburbs of Gonubie and Mzamomhle, and as a arterial road to provide access to land for the development of the city. **Fleet Street (R 150 million)– R20 million 2015/2016.**

The IDP targets set for the 2015/2016 financial year were achieved within the allocated budget. Section T.3.7.6 tabulates this achievement.

The roads branch is currently engaging with the Department of Roads & Public Works (DRPW) with the purpose of entering and signing a Memorandum of Agreement (MOA) for the maintenance of Provincial roads within BCMM.

T 3.7.10 - A

INTRODUCTION TO BCMM MECHANICAL WORKSHOP AND FLEET

BCMM Fleet Department supports various directorates through provision of the transport to enhance the service delivery to communities. The administrators of the Municipal Fleet administrate by employing appropriate management systems and operational information including Controlling of the repairs, services, maintenance and procurement of the new fleet.

3.7. (B1) Brief strategy and the steps taken towards the implementation

The main responsibilities are as follows: Repairs and Maintenance of the existing fleet, purchasing of fleet; monitoring of fleet; administrating, registering and licensing of fleet; outsourcing of specialized mechanical services; ensuring effective and efficient service delivery by minimising vehicle downtime and ensuring that vehicles are in a road-worthy condition.

3.7.(B2) Major successes achieved and challenge faced in 2015/2016

1. Procurement of 50 Sedans to support Traffic Department



2. Procurement of 120 LDVs to support various directorates such as water services, sanitation, law enforcement etc.



3. Procurement of 3 Smooth drum Rollers



4. Procurement of 6 Graders



5. Outsourcing Solid Waste Compactors for repairs saving on down time



6. Upgrading and replacing vehicle hoists in the Workshop



7. Conducted successful road shows to rollout Fleet Management System (vehicle tracker system)



8. Employed eighteen apprentices for skills development



3.7 (B3) Challenges Faced in Year 2015/2016:

1. Demand versus Supply
2. Inadequate workshop space and structure
3. Shortage in Staff Complement

3.7 (B4) Service delivery priorities and the impact you have had on them during 2015/2016.

1. Percentage reduction of vehicle downtime as a target of 30 % was set and achieved
2. Supplying of additional vehicles and replacing uneconomical vehicles
3. Supplying of loan vehicles to accommodate various needs of departments

T 3.7.1 - B

Municipal Fleet Data						
		2014/2015	2015/2016		2016/2017	
	Details	Actual No.	Estimate No.	Actual No	Estimate No.	Actual No
1	Sedans	189	239	239	239	239
2	SUV,s	2	2	2	3	3
3	LDV's	441	591	591	671	621
4	Panel vans	20		20	-	-
5	Minibuses	2	5	2	-	-
6	Trucks	245	245	245	267	249
7	Buses	5	5	5	-	-
8	Mobile Libraries	2	2	2	-	-
9	Fire Vehicles	26	26	26	-	-
10	Tractors	68	68	68	-	-
11	Trailers	132	132	132	-	-
12	Yellow Plant	39	48	48	56	53

T 3.7.2 - B

OBJECTIVES TAKEN FROM IDP									
Service Objective	Outline Service Targets	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target	Target	
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Current Year
Extensive investment and development of infrastructure networks	% reduction of vehicle downtime	Less than 35%	30 %	30%	30%	30%			

T 3.7.3 - B

Employees : Mechanical Workshop and Fleet					
	2014/2015	2015/2016			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalent) No.	Vacancies (full time equipment) %
0-3	8				
4-6	27				
7-9	13				
10-12	20				
13-15	1	2			
16-18			1		
19-20	1				
Total					
<p>Total should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budgets. Full- time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					
T 3.7.4 - B					

Financial Performance Year 2015/2016: Mechanical Workshop and Fleet					
R*000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budgets	Actual	Variance to Budget
Total Operational Revenue	-20 130 092	0	0	0	0
Operational Expenditure					
Employees/Salaries	17 332 044	21 292 509	23 012 063	18 936 472	
Repairs and Maintenance	242 892	359 157	1 859 157	1 274 781	
Other	19 068 726	26 241 016	77 714 265	75 140 270	
Total Operational Expenditure	36 643 662	47 897 682	100 726 328	95 351 523	
Net Operational Expenditure	16 513 570	-47 897 682	-100 726 328	-95 351 523	
<p>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</p>					
T 3.7.5 - B					

Financial Performance 2015/2016: Mechanical Workshop and Fleet						
R*000						
Capital Projects	Year 2015/2016					
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	Total project Value
Total all:		R63 000 000				R 10 374 864.50
Supply Delivery of 50 Sedans	R 8 922 383.47					
Supply Delivery of 120 LDV's	R 26 060 085.36					R 30 219 157.20
Supply Delivery of 6 Graders	R 19 536 583.24					R 10 374 864.50
Supply Delivery of 3 Smooth Rollers	R 3 887 137.37					R 4431 336.61
	R 58 406 189.44	R 63 000 000				
Total projects value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.						
T 3.7.6 - B						

3.8 TRANSPORT (INCLUDE VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

The BCMM transport system must provide all citizens with the opportunity to access work, school, community services and recreational activities in a safe and secure environment. This means that the integrated transport system should consist of viable choices ranging from affordable public transport services, private transport and safe walking and cycling opportunities.

The provision of the transport system and services must consider the location of residential, business and industrial areas, institutions of learning and services. An integrated approach is important to ensure that the land use structure supports an efficient system. The special needs of the young, the elderly and disabled persons must also be provided for, so that the public transport system is accessible to all people. The transport strategy entails that all areas must have access to public transport and also provision of linkages between the areas they serve. The following documents are undertaken to implement the strategy are as follows:

- Non-Motorised Transport Plan – deals with plan on the implementation of priority projects in terms of non-motorised transport (sidewalks, bicycle lanes, traffic safety plans)
- Traffic Safety Plan – reduce the number of severity of collisions & casualties within its area of operations
- Transport Register – must provide a description of all the scheduled and unscheduled services operating in, to or from the Buffalo City area and of all public transport facilities and infrastructure in the Buffalo City area. The Transport Register is to include a record of all changes to operating licenses and permits in the Buffalo City area and new ones issued.
- Freight Plan - to survey the current freight movement and the modes by which such freight is being transported, and which has defined certain strategic freight corridors.
- Arterial Road Network Plan - Transport planning is a dynamic process, as forecasting future needs is dependent upon current priorities, planning and development. This Plan is used to assist in the formulation of an implementation programme for the next five years, and as a guide for planning in years beyond.

The challenges with the implementation of the strategy are as follows:

1. An insufficient budget to implement plans
2. Long lead times to implementation plans as some plans cannot be undertaken prior to others being completed.

Top 3 Priorities include:

- **Accessibility**
 1. The design, tender preparation and contract management of the Needs Camp/Potsdam Bridge will provide a public transport linkage and also reduce travel time between Needscamp and Mdantsane.
 2. Kwatshatshu/Qalashe Pedestrian Bridge will provide safe reliable access to both communities and also linkage between the schools it serves.

- **Mobility**

1. The design, tender preparation and contract management for the three King William's Town Public Transport Facilities will provide commuters with better mobility, resulting in improved access to job opportunities, schools and shops.
2. Provision of sidewalks to allow for improved mobility for residents to economic, educational and social opportunities.

- **Safety**

1. Installation of guardrails to provide safety for the pedestrians and vehicles
2. Installation of traffic signals at intersections will improve traffic flow during peak hours
3. Construction of traffic calming measures to provide safety at pedestrian crossings and also reduce speed within the internal roads in our community

The impact the priorities have on the municipality is that it provides access to the community it serves and also provides reduced travel time. Mobility is vital within the city as it provides access to job opportunity, economical activities and social opportunities. Safety is core of the city as pedestrian and vehicle movement needs to be in safe and traffic flow within major intersection has to be controlled via traffic safety measures.

The implementation of the Non-Motorised Transport Plan provides access to the community that are less fortunate as bridges are planned and implemented so that linkages to the areas is accessible and also job creation through labour intensive construction methods.

MAJOR SUCCESSES

The following are considered major success for BCMM, as these projects will have a significant socio-economic impact on the City:

Bridges

- Completed the designs and tender for the Kwatshatshu/Qalashe Pedestrian Bridge
- Completed the designs and tender for the Needscamp/Postdam Bridge

Sidewalks

- Completed 2,5km of concrete sidewalks in Mdantsane, Scenery Park, Amalinda and Sweetwater
- Completed 7,8km of Block paving sidewalks in Mdantsane
- Completed 106 traffic calming measures around the Metro



TRAFFIC CALMING (SIDEWALKS)



Road before



Road with Traffic Calming

GUARDRAILS

- Completed 850m of Guardrails around Amalinda, Zwelitsha and Mdantsane



TRAFFIC SIGNALS

- Completed installation of 4 traffic signals at different intersections (Potterspass/Settlesway, Buffalo/Caxton Street, Buffalo/Terminus Street and Thorburn Terrace/NEX)
- Installed 20 Uninterrupted Power Supply (UPS) units to intersections with traffic lights to assist as backup power when there is power outage



PUBLIC TRANSPORT

- Completed the designs and tender for the upgrading of public transport facilities in King Williams Town (Market Square Bus/Taxi Rank and Taxi City Taxi Rank)
- Completed the designs for the Scenery Park Public Transport Facility
- Completed construction of 5 Taxi Embayments and One Bus Embayment
- Completed a roadside drop off zone and pick up zone at Ziphunzana High School



The City has the following public transport operators:

The taxi industry

It is a well-known that the taxis are one of the key stakeholders in the public transport and the municipality is currently having meetings with them on operational issues and that they are the biggest stakeholder in public transport in the City.

Bus operators

The municipality has a number of bus operators within the city with majority being long distance buses. The Mayibuye Bus Service is a private entity operating on different routes to the municipal bus service and has a big number of services within the city. There are also Bus Associations that operate within the City and most of them are within the King Williams town area services the rural areas and also long distance buses to inter-town services.

The rail service

The trains still carry a huge number of commuters that stay along the rail corridor. However, future plans on rail are the upgrades on the stations that are operating and that they will continue to carry the same percentage of commuters until the feeder routes to the train stations have been upgraded as part of the proposed IRPTN system and PRASA has increased capacity of its trains between Berlin and East London.

East London Airport

The city also has an airport that is operated by ACSA. It provides commercial flights to areas around the country with Johannesburg and Cape Town being the main flights. Shuttles services are also available from within the airport facility and private car hire as well.

MUNICIPAL BUS SERVICE

BCMM currently operates a fleet of only 5 municipal buses. The fleet was reduced from thirty-three buses when Council decided that all buses over fifteen years old should be removed from the service. The buses are predominately used by scholars.

PLANNING PROJECTS

- Completed the terms of reference for the review of business plan and operation Plan for the Mdantsane Meld Corridor Route
- Completed the BCMM Arterial Road Plan
- Completed the designs for the 4,2km of Qumza Highway from Mdantsane City to Sasol Garage to dual way Road
- Tendered the Section 78 Study on BCMM Buses
- Completed the tender for the Review of the BCMM Transport Register

SANRAL ENGAGEMENTS

Buffalo City Metropolitan Municipality has been engaging with the South African National Roads Agency (SANRAL) about projects within the BCMM area. BCMM Council has resolved that Service level agreements between the two spheres of government be carried out and that these projects be prioritised. Some of the projects are as follows:

- **N2/R72 Alignment**

A spatial distribution and layout of road (and rail) networks mainly running along spurs and ridgelines, with few cross-river linkages inhibits cross-town mobility in the greater East London area. Present proposals for bridge crossings of Buffalo River and the linkage of the N2 and coastal routes (R72) would facilitate improved mobility of people resident in the Mdantsane/Reeston/Duncan Village areas to areas of opportunity in the West Bank area of the city. The additional bridge will also provide an alternative route for heavy trucks, which currently have to navigate through the East London CBD when travelling from Nelson Mandela Bay via the R72 to the N2 to Durban. These heavy vehicles cause significant damage to the City's road network, and although the damage is caused by regional traffic, maintenance of the affected roads is done at a cost to Buffalo City. The proposed upgrade of the N2 between Buffalo City and Durban by SANRAL will see an increase in national traffic through the city centre, making the provision of the second Buffalo Bridge an even higher priority. BCMM wants SANRAL to assist the municipality by making a bypass of the Central Business District for vehicles that are going through the R72 route and airport area. This is due to the fact that these vehicle go through the CBD and cause congestion within the CBD and also the heavy trucks are causing a lot of damage to the CBD roads.

MOUNT RUTH NODE

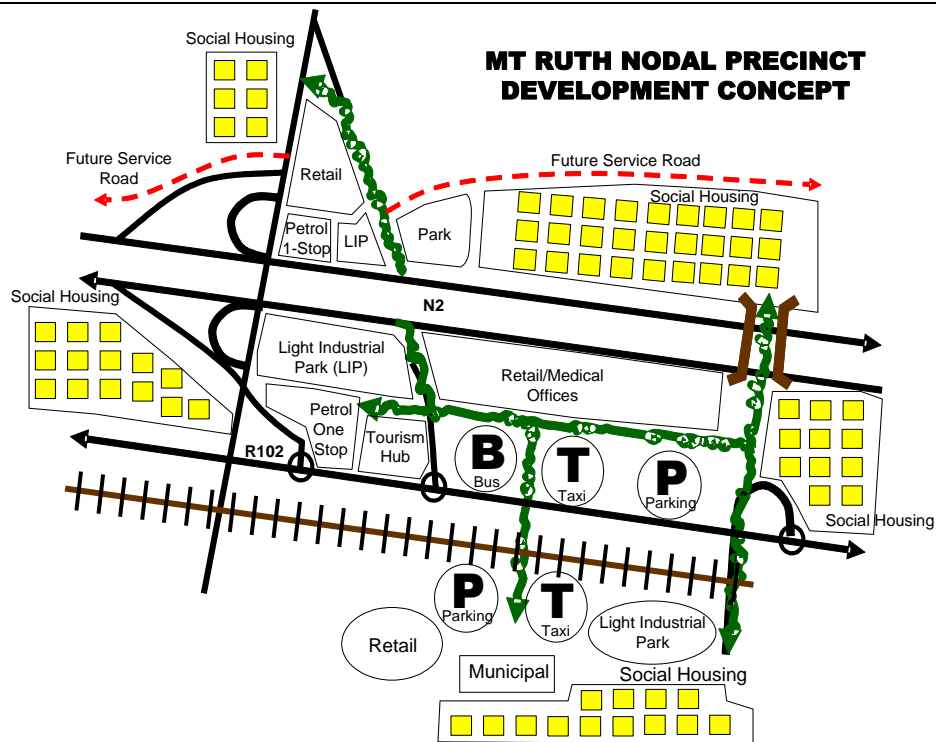
Mount Ruth was specifically identified in the MELD study as an area with very high potential for development as a mixed land use node, based on its proximity to the rail line and station, its direct connection with the Mdantsane CBD as well as its potential linkages with the N2 and N6. This highlighted the need for a more detailed nodal development plan for Mount Ruth and resulted in the preparation of the Mount Ruth Nodal Precinct Development Plan.

This plan took cognisance of the BCM and Mdantsane Draft Public Transport Plans which were being prepared at the same time, but also considered future private transport linkages to Mdantsane via Mount Ruth as well as infrastructure requirements to support Mount Ruth as a development node.

Mdantsane has limited access to the N2 freeway system. This lack of accessibility impacts negatively on the area, particularly with respect to attracting investment. At the same time it was recognised that there were important linkages missing from the transport network as a whole if the logic of a hierarchical road system is to apply. In order to attract investment through improved accessibility, it was proposed that a road interchange be provided on the N2 which connects with the M16 (Billie Road), which will improve access to the Highway Town Centre and the Newlands access road to the north. The connection to the Newlands access road will ultimately result in a connection to the N6 an important National Route to the north.

Various options for the freeway interchange were assessed in terms of their operational characteristics and benefits as well as implementation costs. It is also proposed to link Toyana Road with the R102 across the rail line to provide additional linkages between Mdantsane to the south east and the Newlands area via Mount Ruth.

The proposed road improvements to support development of the Mount Ruth Node were described as “Key Strategy” in the Mount Ruth Nodal Precinct Development Plan. The municipality highlighted the importance of the interchange as it would provide connectivity to Cecilia Makiwane hospital, N6 and also provide a third connection into Mdantsane. After deliberations, SANRAL supported the construction of the interchange.



MUNICIPAL BUS SERVICE

BCMM currently operates a fleet of only 5 municipal buses. The fleet was reduced from thirty-three buses when Council decided that all buses over fifteen years old should be removed from the service. The buses are predominately used by scholars.

BCMM Transport has spent 100% of the capital budget allocation for the 2015/2016 financial year. The Directorate had the following 4 largest projects for the 2015/2016 financial year:

- Construction of Sidewalks - R 14.5m
- Traffic Calming Measures (Speed humps) – R 6.5m
- Upgrade of Gonubie Main Road – Gully sway – King Mall Roundabout – R 4m

Public Transport Facilities (Taxi Ranks & Taxi/Bus Stops) – R3.9m

T 3.8.1

Municipal Bus Service Data						
	Details	2013/2014	2014/2015		2015/2016	
		Actual No.	Estimate No.	Actual No.	Estimate No.	Actual No.
1	Passenger journeys	29	6	6	6	6
2	Seats available	2400	324	260	324	243
3	Average unused capacity	25%	25%	20%	25%	24%
4	Size of bus fleet	33	5	5	5	5
5	Average buses off the road	0	0	0	0	0
6	Proportion of fleet off the road	0	0	0	0	0
7	No of bus journeys scheduled	15	15	15	15	15
8	No of journeys cancelled	0	0	0	0	0
9	Proportion of journeys cancelled	0	0	0	0	0
						T 3.8.2

No entity is applicable. The municipal bus service is run by the municipality itself.

T 3.8.2.1

Transport Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2014/2015		2015/2016			2016/2017		
		Target	Actual	Target		Actual	Target		
		Previous Year		Previous Year	Current Year		Current Year	Current Year	Following Year
Implement Projects and programmes From ITP	No. of taxi/bus stops constructed	1	12	2	6	6	2	8	10
	No of bus terminals or taxi ranks constructed	1	10	2	2	0	2	1	2
	No. of ITP projects implemented	30	30	15	30	109	15	50	35
									T 3.8.3

Employees: Transport Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	6	6	0	0%
4 - 6	6	8	7	1	13%
7 - 9	20	22	15	7	32%
10 - 12	4	9	7	2	22%
13 - 15	1	3	3	0	0%
16 - 18	2	3	3	0	0%
19 - 20	1	1	1	0	0%
Total	39	52	42	10	19%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.8.4

Financial Performance 2015/16: Transport Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	25 904	8 303	8 303	573	-1350%
Expenditure:					
Employees	12 129	17 285	18 383	15 995	-8%
Repairs and Maintenance	1 206	4 495	2 814	2 779	-62%
Other	5 916	13 228	3 101	2 497	-430%
Total Operational Expenditure	19 252	35 008	24 298	21 271	-65%
Net Operational Expenditure	(6 652)	26 705	15 996	20 699	-29%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.8.5

Capital Expenditure 2015/16: Transport Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	30 000	71 566	41 322	27%	
Integrated Transport Plan Implementation Programme	30 000	30 000	–	0%	–
Integrated Transport Plan Implementation Programme	–	30 566	30 566	100%	–
Land Acquisition	–	11 000	10 757	100%	–
Total All	30 000	71 566	41 322	27%	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.8.6

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

BCMM has spent 100% its capital budget allocation for the 2015/2016 financial year.

Various traffic safety and traffic management measures were implemented across the city to address the special needs of the young, the elderly and disabled persons as well as the safety and accessibility of motorists and general road users. The largest projects that were implemented by transport were as follows and all were completed without any variations.

SIDEWALKS (R 14.5m)

As part of the non-motorised Transport Plan, the city has to provide walkways for the pedestrians so that conflict between vehicles and pedestrian is reduced. Priority is given to areas that lead to social services (schools, shops, health facilities, etc.) This year the municipality decided to start a concept of making some of the sidewalks to be more attractive to the area by using block paving. This concept creates more work opportunities as all work is labour intensive. The directorate achieved the following:

Completed 2,5km of Concrete sidewalks in Mdantsane, Scenery Park and Sweetwaters

Completed 7,8km of Block paving sidewalks in Mdantsane.

TRAFFIC CALMING (SPEEDHUMPS) (R 6,5m)

The city is responsible for providing safety within the road. The traffic calming measures assist in providing safety and also reduce speed within the roads. Priority is also given to areas in close proximity to social services and also within residential areas where assessments are undertaken and noted that vehicles are speeding. Areas in close proximity to schools are provided with pedestrian table crossing so that school children can be able to cross the road. The directorate completed 102 traffic calming measures around the metro (Mdantsane, Airport Area, Amalinda, Beacon Bay, Vincent. Etc.)

TRAFFIC SIGNALS (R3, 4m)

The city is responsible for provision of traffic safety within its intersection to improve traffic flow. These assist in making sure that vehicle flow is not compromised and safety is prioritized. The city also started the process of installing uninterrupted power supply to traffic signals so that intersections are not compromised when there are power outages. The following projects were in completed:

Completed installation of 4 traffic signals at difference intersections (Potters Pass/Settlersway, Buffalo/Caxton Street, Buffalo/Terminus Street and Thorburn Terrace/NEX)

Installed 20 Uninterrupted Power Supply (UPS)

PUBLIC TRANSPORT (R 4m)

The provision of Public transport facilities assist in providing communities with mobility and also provided a place for operation of Public Transport Services. Majority of the Buffalo city community uses public transport as a way of travelling and therefore Public Transport Facilities assist in providing a transfer point to different destinations. The following projects were completed:

Completed the designs for the upgrading of Public Transport Facilities in King Williams Town (Market Square Bus/Taxi Rank and Taxi City Taxi Rank)

Completed the construction of the Bonza Bay Public Transport Facility

Completed Construction of five taxi embayments and One Bus Embayment.

T 3.8.7

INTRODUCTION TO STORMWATER DRAINAGE

The storm water unit within the Roads and Storm water branch currently attends to the repairs and maintenance of 20 300 manholes, kerb inlets, headwalls and other inlet and outlet structures within BCMM many of which are damaged or blocked. There is in excess of 550km of storm water pipes and culverts within the Metro, many of which are very old, and corroded and in need of replacement. There are a number of areas that have inadequate storm water drainage, and are in need of upgrading.

There are a number of areas that have inadequate storm water drainage, and are in need of upgrading. Particular attention is given to informal areas, as many of them are constructed in low lying areas and close to streams and rivers. This requires a multi-disciplinary approach as input is required from disaster management, community services and housing in order to address the social and economic issues. The stormwater branch assists by undertaking regular clearing of the existing stormwater drainage in the area and undertaking upgrades where necessary in order to prevent flooding of the informal areas. There is however a need to relocate structures located within the 1:100 flood plain along rivers and streams as these will flood periodically.

As per the stormwater infrastructure assessment the current backlog is estimated to be in the order of R 250 000 000.00. There is an urgent need to make additional funding available to replace/rehabilitate and upgrade the stormwater network, as it is in a poor condition, and unable to cope with the erratic weather patterns with the increased rainfall intensities and durations currently being experienced. The Global Warming phenomenon has led to an increase in the occurrence of flooding throughout the city necessitating the installation of additional storm water drainage

Some of the larger projects undertaken in the 2015/2016 financial year include:

- Stormwater upgrade in King Williams Town Wodehouse Street and Zwelitsha including pipe work, catch pits and box culvert. R 1 100 000, 00
- Rehabilitation of catch pits on the Esplanade R 1 000 000, 00
- Mdantsane stormwater upgrades R 1 000 000, 00

Improvements made in the delivery of services include replacement of damaged pipes, the reconstruction of damaged kerb inlets and manholes. As well as replacing of undersized drainage infrastructure by increasing the capacity of the existing pipes.

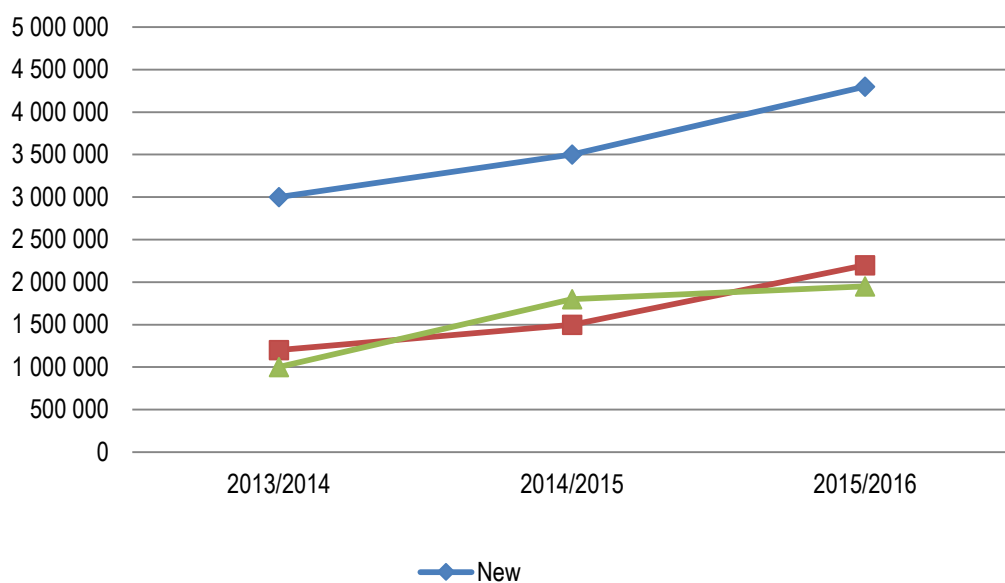
Services rendered to rural and informal areas include the provision of earth drains along gravel roads when undertaking maintenance and the installation of pipe culverts at low points on rural roads.

T 3.9.1

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2013/2014	535	15	12	120
2014/2015	550	37	14	140
2015/2016	587	15	15	175
				<i>T 3.9.2</i>

Cost of Construction/Maintenance			
	Storm water Measures		
	New	Upgraded	Maintained
2013/2014	3 000 000	1 200 000	1 000 000
2014/2015	3 500 000	1 500 000	1 800 000
2015/2016	4 300 000	2 200 000	1 950 000
			<i>T 3.9.3</i>

Stormwater infrastructure costs



T 3.9.4

Stormwater Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	2013/2014		2014/2015		2015/2016		2016/2017
		Target	Actual	Target	Actual	Target	Actual	Target
		*Previous Year		*Previous Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(viii)	(ix)	(x)
Service Objective xxx								
	Kilometres of storm water drainage installed	-	-	20 km	37.298 km	10km	15.45km	-
								T 3.9.5

Employees: Storm water Services					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies %
0-3	0	10	10	0	0
4-6	2	4	4	0	0
7-9	0	0	0	0	0
10-12	1	0	0	0	0
13-15	0	0	0	0	0
16-18	1	1	1	0	0
19-20	0	0	0	0	0
Total	4	15	15	0	0
T 3.9.6					

Financial Performance Year 2015/2016: Storm water Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	334	2 301	2 301	56	-4035%
Expenditure:					
Employees	17 816	30 853	33 045	27 891	-11%
Repairs and Maintenance	40 196	54 592	54 592	56 286	3%
Other	15 145	287 231	301 081	15 929	-1703%
Total Operational Expenditure	73 157	372 675	388 717	100 106	-272%
Net Operational Expenditure	72 823	370 373	386 416	100 050	-270%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.9.7					

Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	265 000	358 289	331 770	20%	345 649
Quenera Beacon Bay Link Road	20 000	20 000	19 428	-3%	20 000
Upgrading of Mdantsane Roads	60 000	70 765	59 996	0%	60 000
KWT Roads	10 000	10 000	9 637	-4%	10 000
Gonubie Main Road	10 000	10 000	9 701	-3%	10 000
Rural Roads	30 000	30 000	33 090	9%	35 000
Fleet Street	20 000	20 000	19 994	0%	20 000
RDP Roads - Inland, Midlands and Coastal	15 000	15 000	11 636	-29%	15 000
Rehabilitation of BCMM Bridges and Storwater	5 000	5 000	1 478	-238%	5 000
Roads Provision - Replacing Existing Infrastructure	80 000	130 266	130 266	39%	111 631
Procurement of Graders for Rural Roads - Yellow Fleet	15 000	15 000	14 435	-4%	15 000
Mdantsane Roads	–	8 554	8 195	100%	16 816
Fleet Street	–	10 000	13 065	100%	8 000
Urban Roads	–	13 704	850	100%	19 202
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.9.8					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

The stormwater unit has fully spent its adjusted capital budget allocation for the 2015/2016 financial year, and has achieved the 5 year targets as set out in the IDP within the allocated budget and on time

The stormwater units main capital requirements are:

- The rehabilitation of Kerb inlets and manholes
- upgrade of existing stormwater infrastructure in low lying areas.
- refurbishment of existing bridges in BCMM

Most of the limited capital budget is spent on the rehabilitation and refurbishment of bridges, as bridges are very capital intensive and with the limited budget, of R 5 million for the 2015/2016 financial year there is little left for stormwater drainage improvements

The stormwater unit drain is severely under capacitated, with only two staff members who deal with operational, strategic and management issues in the unit. The stormwater maintenance teams are essential in undertaking preventative maintenance. A minimum of one team per operational area is required. The capital and operational budget is significantly lower than the required budget for maintenance, thus resulting in a steadily deteriorating storm water system with increased instances of sink holes and flooding. This is bound to intensify as the infrastructure ages further. There is currently a budget of R5 000 000,00 allocated for the rehabilitation of existing bridges and storm water drains in the capital budget. The current backlog in storm water maintenance and upgrades is estimated at an amount of R 25 000 000,00 per annum which is required to rehabilitate and upgrade existing storm water systems.

Current Condition:



Left: A sink hole in Gonubie caused by shifting of storm water pipes and the infiltration of sand into the storm water



Left: A sinkhole in West Bank caused by corroded steel storm water pipes.



Left: An example of the many damaged kerb inlets around the city. They pose a danger to the public and block the storm water system.



Above: Installation of a subsoil drain



Above: Kerb inlet under construction



Above: Concrete V drain

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development

The BCMM SDF identified the following broad spatial development constraints, opportunities and problems:

Constraints

- ▶ **Environmental** – areas of sensitivity/slopes/rivers and watercourses (flood lines); coastal zone; designated and proposed Protected Areas (including high priority conservation areas as identified on the Municipal Open Space and Conservation Plan and critical biodiversity areas identified by the Eastern Cape Biodiversity Conservation Plan).

Prime and Unique agricultural land – land that has specific identified potential, either for cultivation or stock farming. This land should, ideally, be reserved for farming and thus limit where urban development should be allowed.

Controlled/Restricted Areas regulations governing the establishment of different forms of development within proximity to **infrastructure facilities**, such as:

- Airports.
- Solid Waste Disposal Sites, recycling areas and waste transfer stations.
- Waste Water Treatment Works (WWTWs).
- Quarries.
- Cemeteries.

Problems

- ▶ **Limited infrastructure capacity** – this limits capacity for spatial and economic growth and makes the choice of spatial growth directions critical to ensure that planning and implementation actions are aligned and additional capacity is programmed appropriately. In addition, the issues relating to the Level of Service (LOS) to be provided by the Municipality in various localities are important to resolve. For the purposes of the current Spatial Development Framework, infrastructure networks' current and potential capacities, balanced against the capital and operational expenditure requirements of extension and maintenance, indicate where an urban core LOS is possible and where lower LOS will be required. This is key in determining the feasible extent of urban development within the time frame of the Spatial Development Framework, the outer limit of which is identified as the Urban Edge.
- ▶ **Housing backlog** – the identified housing backlog of some 25 000 units (2013), plus an estimated 20-year need of around 42 000 units (or total 20-year Need plus Backlog of around 67 000 Units) will be a major factor in the development dynamics that will play themselves out in Buffalo City over the long term (present to twenty year horizon). From a spatial perspective, this represents one of the largest land use requirements (an estimated need of some 1 675 ha, if an assumption is made that the average density to be aimed at, for housing developments in general, is 40 dwelling units per ha, going forward).

- ▶ However, developing adequate housing to meet the spectrum of needs will also pose a significant challenge to the Metropolitan Municipality's ability to develop the required supportive infrastructure.
- ▶ **The prevailing norm of developing low-density housing**, allied with the current policy on housing, limits opportunities for innovative housing forms and increased density. There is a need for assisted housing and innovative tenure arrangements at densities that can support the expansion and diversification of the urban economy, as well as the provision of public and social goods, including public transport. The latter becomes economically viable at a gross density of 40 dwelling units per ha for areas serviced; this emphasis on viability and sustainability of urban form, versus the provision of public goods and services is a critical issue for the foreseeable future.
- ▶ **Historically low economic growth** and poor labour absorption means low levels of affordability (no disposable income), which in turn, means that urban form is of poor quality. There is a consequent need to ensure that cost effective development takes place, which is affordable to the user and the municipality. Spatial strategies must work to make BC a better place with greater access to opportunities for the poor.
- ▶ Also, low economic growth allied with the unique/characteristic feature of Buffalo City Metropole of having urban components (East London and King William's Town) that perform the roles of both secondary city and a major rural service centre to surrounding communities and commuting rural dwellers who choose to remain in "traditional" settlements, but need to seek opportunities in urban environment, have some unique consequences. Principally, **insecurity of opportunities** (jobs come and go) means that permanence is a difficult option to choose for many. This inclines people towards making less formal choices. Only a select few have steady jobs and incomes that would allow them to enter into accommodation arrangements that entail cost and permanence. In turn, this phenomenon results in a range of survival strategies for residents in and around the Buffalo City Metropolitan area; the most visible of which are the informal settlements that persist and increase in harsh conditions in well-located areas such as Duncan Village in East London.

- ▶ Finally, the **multiplicity of Land Tenure** forms and related land management and land planning legislation across the geographic extent of Buffalo City Metropole, hampers an integrated and sustainable approach to spatial development. This is a general problem across Buffalo City Metropole, but perhaps is most apparent in the rural settlement areas of the former Ciskei. In essence, the complexity of land-related legislation and the overlapping layers of land tenure and informal land rights have come to be seen as a barrier to development. Moreover, in some instances, communities residing in areas where overlapping forms of tenure prevail with lack of security of tenure, sometimes results in the dynamism of settlement and population movements evident in the Buffalo City Metropolitan area.

Opportunities

- ▶ **Land available for infill development** – this can consolidate the urban fabric and overcome the fragmented pattern of development. This also offers opportunities for integration; bringing people closer to opportunities and the creation of more work – live environments etc.
- ▶ **Vacant land** – available for urban development in various localities near East London, King William’s Town and Berlin. Over 11 000 ha have been identified as broadly suitable, which is sufficient to meet the needs beyond 2020.
- ▶ **Prime and Unique agricultural land** – land offers opportunities for agricultural development.
- ▶ Existing urban structure of East London and Greater King William’s Town offers development opportunities – specifically, East London – Mdantsane transport routes have **development corridor potential**.
- ▶ Also opportunities to enhance intensity and boost density of development at **important localities (nodes)** such as existing centres/CBDs, and areas where opportunities are evident.
- ▶ Existing built areas offer opportunities to create areas of improved functioning in advantageous locations – **inner city urban renewal programmes** in Duncan Village, Southernwood and Quigney could be of huge benefit to the socio-spatial functioning of Buffalo City Metropolitan Municipality.

- ▶ **Mdantsane Urban Renewal Programme** is an on-going initiative – this represents an opportunity to leverage funds to consolidate the built fabric in the existing Mdantsane and Potsdam areas and immediate surrounds.
 - ▶ **Rural development areas** – planning has already taken place in rural areas (through the Amathole District Municipality Land Reform & Settlement Plan) and this gives guidance. Other areas have also been identified for planning.
 - ▶ There is much potential for rural development and **land reform** (tenure reform – the reform of the commons approach etc.). This would, in the medium term, boost LED and livelihoods for the rural poor.
- T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

Spatial Planning strategies

The Spatial Development Framework for Buffalo City Metropolitan Municipality elaborates clear and detailed **objectives and strategies** for the management and direction of spatial development and land use management in the area according to proposed Spatial Development Frameworks and Land Use Management Guidelines. This will be used to manage development in the future in order to guide new investment to achieve the development vision set out in the BCMM IDP and the SDF. These strategies will:

- ▶ Implement the principles of Integrated Environment Management and identify resources (natural/biodiversity; social; economic; heritage and cultural; human capital; financial) and manage land use in valuable resource areas;
- ▶ Use Urban Edge and Land Use Management System as spatial management and investment guidance tools;
- ▶ Consolidate and integrate spatial development by developing land in proximity to public transport facilities and existing services;
- ▶ Implement a Land Reform and Settlement Programme by identifying zones of opportunity or integrated development in peri-urban and rural areas;
- ▶ Pro-actively manage land use and set appropriate levels of service to achieve sustainability in urban, peri-urban and rural areas.

Service Delivery Priorities

1. Implementation of SPLUMA and its By Law
2. Upgrading of Informal Settlements
3. Formulation of Local Spatial Development Frameworks

An interdepartmental working group has been established under the chairmanship of the General Manager: Development Planning that meets on a monthly basis in order to speed up comments from line departments on City Planning applications and building plans that are submitted to BCMM and which have been circulated to all relevant departments. This was prompted by a Council Resolution after noticing that the turnaround time of development application approval.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016
Planning application received	5	7	79	55	2542	2229
Determination made in year of receipt	3	4	7	16	2208	2058
Determination made in following year	5	3	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	3	72	39	171	171
						T 3.10.2

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
Inner City Regeneration	Approved General Plans	2 approved GP's	2 approved GP's	2 approved GP's	3 approved GP's	3 approved GP's	4 approved GP's	5 approved GP's	6 approved GP's
Implement Township Revitalisation Strategy	Number of Township Establishment Developed	5 approved layouts	5 approved layouts	5 approved layouts	3 approved layouts	3 approved layouts	3 approved layouts	5 approved layouts	6 approved layouts
Implement the Township Revitalisation Strategy	Number of Township Establishment Developed	3 approved layouts	3 approved layouts	3 approved layouts	3 approved layouts	3 approved layouts	3 approved layouts	5 approved layouts	6 approved layouts
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year 2014/15 Budget/IDP round; *'Current Year' refers to the targets set in the Year 2015/16 Budget/IDP round. *'Following Year' refers to the targets set in the Year 2016/17 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

T 3.10.3

T 3.10.3

Employees: Planning Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	34	44	43	1	2%
4 - 6	15	18	17	1	6%
7 - 9	12	16	15	1	6%
10 - 12	44	65	57	8	12%
13 - 15	10	14	11	3	21%
16 - 18	28	3	2	1	33%
19 - 20	1	5	3	2	40%
Total	144	165	148	17	10%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.10.4

Financial Performance 2015/2016: Planning Services					
					R'000
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	25 650	13 643	13 643	10 165	-34%
Expenditure:					
Employees	48 709	37 886	37 781	35 641	-6%
Repairs and Maintenance	10 376	359	122	63	-471%
Other	114 334	10 740	5 559	3 620	-197%
Total Operational Expenditure	173 420	48 986	43 463	39 324	-25%
Net Operational Expenditure	147 770	35 343	29 820	29 158	-21%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.10.5

Capital Expenditure 2015/2016: Planning Services					
					R' 000
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	18 221	14 400	7 246	-151%	
Rehabilitation of Midland Existing Municipal Buildings and Old Mutual Building (Finance)	10 000	-	-	0%	-
Rehabilitation of Municipal Buildings	-	10 000	3 462	100%	10 000
Building Refurbishments and Upgrading of Lifts for BCMM Buildings	821	-	-	0%	-
SCM Inventory Warehousing and Fencing	900	900	773	-16%	900
King Williams Town Payments Hall	3 500	-	-	0%	-
Re-roofing of Garcia Flats block A and B	3 000	3 000	2 889	-4%	3 000
Office Furniture	-	500	123	0%	500

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The Development Planning Division (Architectural Services) themselves, do not have capital projects on the IDP, as they implement building projects on behalf of other Directorates. These Directorates have set the IDP targets and will report on them accordingly. Notwithstanding, a list of capital projects undertaken by the Division is listed as follows:

1) Employee Wellness Centre

- This construction project was completed in the 2015/2016 financial year.
- The total approved project value was R 2 034 036, 00 Ex. VAT. However, due to challenges pertaining to poor soil conditions, a deviation was required for engineering costs and additional foundation designs. A deviation was approved to the sum of R 250 000, 00 Ex. VAT. The total project cost amounted to - R 2 284 036, 00 Ex. VAT.

2) Provision of Professional Consultancy Services: Development of the KWT Traffic Dept.

- This project is multi-year and is for the appointment of professional consultants, who were appointed in the 2014/2015 financial year.
- The total approved appointment value is R 2 069 735 ex. VAT.
- Budget variations will be dependent on the actual cost of construction works as measured at the end of actual construction (Final Account).

3) Provision of Professional Consultancy Services: Upgrading the KWT Payments Hall:

- This project is multi-year and is for the appointment of professional consultants, who were appointed in the 2014/2015 financial year.
- The total approved appointment value is R 908 693, 15 ex. VAT.
- Budget variations will be dependent on the actual cost of construction works as measured at the end of actual construction (Final Account).

T 3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

With a GDP of R 69,5 billion in 2015 (up from R 25,8 billion in 2005), the Buffalo City Metropolitan Municipality contributed 22,61% to the Eastern Cape Province GDP of R 307 billion in 2015, increasing in the share of the Eastern Cape from 20,50% in 2005. The Buffalo City Metropolitan Municipality contributes 1,73% to the GDP of South Africa which had a total GDP of R 4,01 trillion in 2015 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2005 when it contributed 1,57% to South Africa, but it is lower than the peak of 1,74% reached in 2013.

In 2015, the Buffalo City Metropolitan Municipality achieved an annual growth rate of 0,47% which is a very similar GDP growth of the Eastern Cape Province's 0,50%, and is lower than that of South Africa, where the 2015 GDP growth rate was 1,18%. Contrary to the short-term growth rate of 2015, the longer-term average growth rate for Buffalo City (3,43%) is significantly higher than that of South Africa (2,58%). The economic growth in Buffalo City peaked in 2006 at 6,56%.

Buffalo City had the highest average annual economic growth, averaging 3,43% between 2005 and 2015, when compared to the rest of the regions within the Eastern Cape Province. The Joe Gqabi District Municipality had the second highest average annual growth rate of 2,60%. Amathole metropolitan municipality had the lowest average annual growth rate of 1,21% between 2005 and 2015.

In 2015, the community services sector was the largest within Buffalo City Metropolitan Municipality accounting for R 17,2 billion or 27,6% of the total GVA in the metropolitan municipality's economy. The sector that contributes the second most to the GVA of the Buffalo City Metropolitan Municipality is the trade sector at 21,6%, followed by the finance sector with 19,9%. The sector that contributes the least to the economy of Buffalo City Metropolitan Municipality is the mining sector with a contribution of R 81,4 million or 0,13% of the total GVA.

Major resources

Land

The Buffalo City Metro has vast tracks of land which is suitable for grazing and horticulture. The greater part of the land in rural areas is communally owned whilst other pockets either owned by the Municipality or national government. The aim of the municipality is to assist emerging farmers and local co-operatives to increase agricultural output. Furthermore, concerted efforts to support the agricultural sectors are more likely to yield more jobs due to the labour absorptive nature of the sector.

Ocean and Maritime Sector

There is opportunity for growth in this sector which in turn is dependent on the investment in key infrastructure and the much needed upgrade of the East London Port. Currently the main activities include marine transport, marine and aquaculture. At this point, the sector suffers from an acute skills shortage both at a technical and management levels. The Metro will also fully exploit the opportunities associated with the city's beautiful coastline, the beaches, protected areas. The city will also promote and attract major sporting events including water sports to boost the local tourism industry. The city has also supported cruise tourism and will continue to support the development of new products to enhance visitor experiences.

Arts, Culture and Heritage Resources

In 2016, the Metro entered into partnership with the National Heritage Council (NHC) to identify, package and develop heritage sites within the Metro. The intention is to develop the Liberation Heritage Route over the next three years. The Metro has put together a programme to assist and develop the arts and culture sector.

The people

According to IHS Information and Insight, the largest share of population in 2015 was within the young working age (25-44 years) age category with a total number of 282 000 or 34.8% of the total population. The age category with the second largest number of

people is the babies and kids (0-14 years) age category with a total share of 25.9%, followed by the teenagers and youth (15-24 years) age category with 144 000 people. This is a clear indication that the city has a significant youthful population and huge strides are required to empower the youth. In part this is due to the fact it hosts two Universities, several institutions of Higher Education and Training. Most of the youth, however, are affected by the high unemployment levels. The Municipality will put in place a programme aimed at enhancing employability of young people by enhancing their skills through employment readiness programmes. The Municipality will also pursue partnerships aimed at youth economic empowerment.

Furthermore, the Municipality will also further promote entrepreneurship through its Enterprise Development Programme. Part of its delivery mechanisms include Business Support Centres located in Duncan Village, Mdantsane, King William's Town and Dimbaza.

Waste Economy

As part of implementing the partnership with the East London Industrial Development Zone (EL IDZ), the Metro will further investigate and package opportunities linked to the waste economy in support to local entrepreneurship. This will contribute towards the productive, innovative and green city pillars of the Metro Growth and Development Strategy.

2015/2016 Focus

In the 2015/2016 financial year the focus of the municipality in driving the local economy has been on the following sectors:

- Tourism;
- SMME Development;
- Agriculture; and
- Fresh Produce Market

Tourism

South Africa's tourism performance in 2015 was relatively subdued with total revenue from both domestic and international tourism growing +0,8% to R91.8 billion in 2015 from R91,0 billion in 2014. Domestic trips declined by -12, 5% in 2015 despite a 3,3% increase in the number of tourists taking trips in 2015. South Africa lost share of international tourist arrivals in 2015. Arrivals decreased by -6,8% while global arrival increased by 4%. The length of stay has improved as domestic tourist stayed an average of 4,2 nights in 2015 compared to 4 nights in 2014 whilst international tourists on average stayed 9,5 nights in 2015 as oppose to 8,5 nights in 2014. The provincial spread improved in 2015 with 13% of international tourists visiting more than one province compared to 2014.

Provincial Highlights

Eastern Cape foreign tourist arrivals have declined from R304 888 in 2014 to R270 986 in 2015. The bed nights sold have increased from R2, 795, 852 to R2 900 485. The total revenue generated has decreased from R392 898 765 (3,73%) in 2014 to R236 885 261 (3.47%) in 2015. The average spent by foreign tourists per day in the Eastern Cape is R8 100 in 2015 as opposed to 7 000 in 2014.

The domestic spent in the Eastern Cape amounts to R4, 112, 493 358. Of the total number of domestic tourists visiting the Eastern Cape in 2015, 62,7% visited friends and relatives, 17% visited the province for religious purposes, whilst 10% were on business, 7.6% were on holiday and the remaining 1,7% visited the province for medical reasons. The provincial occupancy rate averaged 55,18% in the 2015.

Buffalo City

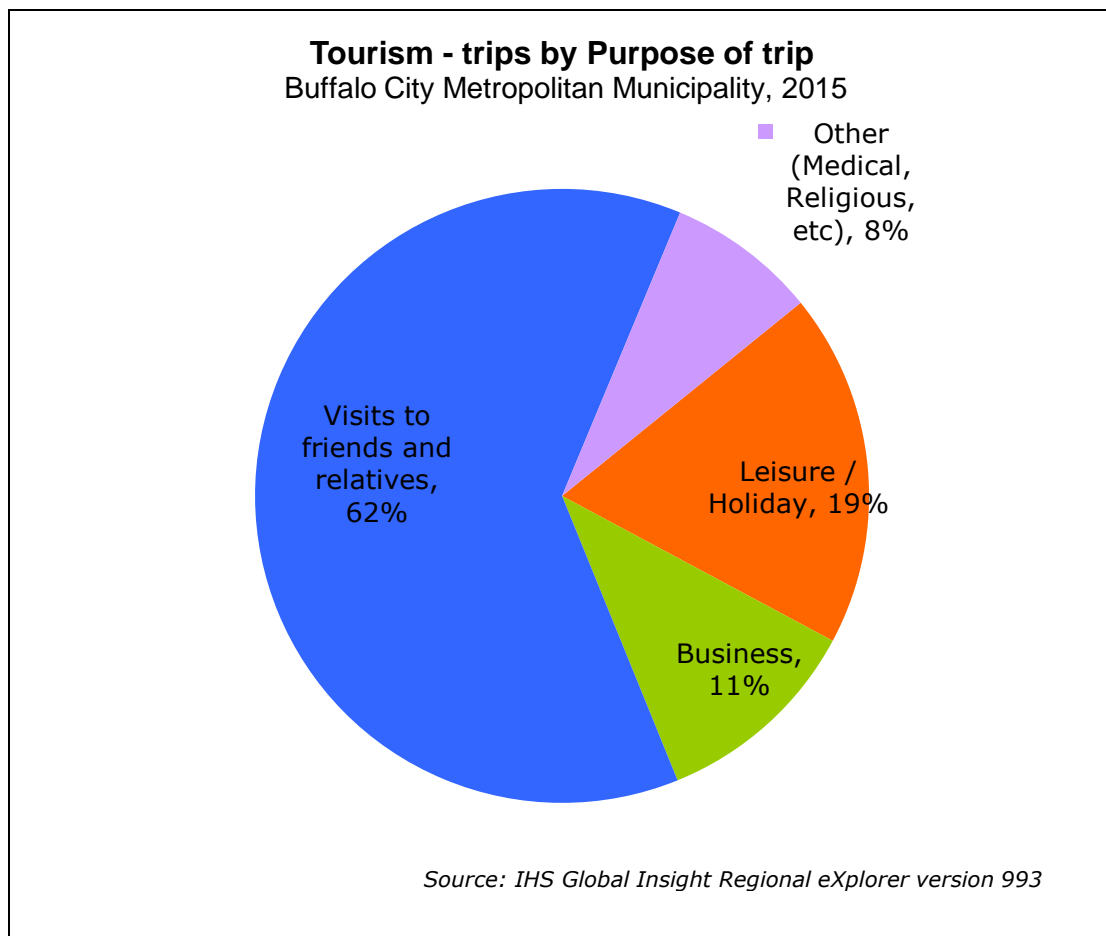
The total number of tourists visiting Buffalo City has decreased from 259 000 in 2014 to 230 000 in 2015. The total number of domestic tourists decreased from 223 000 in 2014 to 196 000 in 2015. The total number of foreign tourists has decreased from 36 300 in 2014 to 33 500 in 2015. This decline is in line with the trend nationally and provincially.

Buffalo City continues to benefit from tourism with the occupancy rate averaging 45% to 60%. Buffalo City is the second largest economic hub in the Eastern Cape offering approximately 7 000 beds. This is half the size of what Nelson Mandela Bay Metro offers. This situation continues to disadvantage the city in terms of hosting large events. Recently the City lost its bid to host the Ironman World Championship owing to non-availability of sufficient accommodation.

Buffalo City Metropolitan Municipality had a total tourism spending of R 1,79 billion in 2015 with an average annual growth rate of 8,1% since 2005 (R 821 million). Eastern Cape Province had a total tourism spending of R 11,5 billion in 2015 and an average annual growth rate of 4,1% over the period.

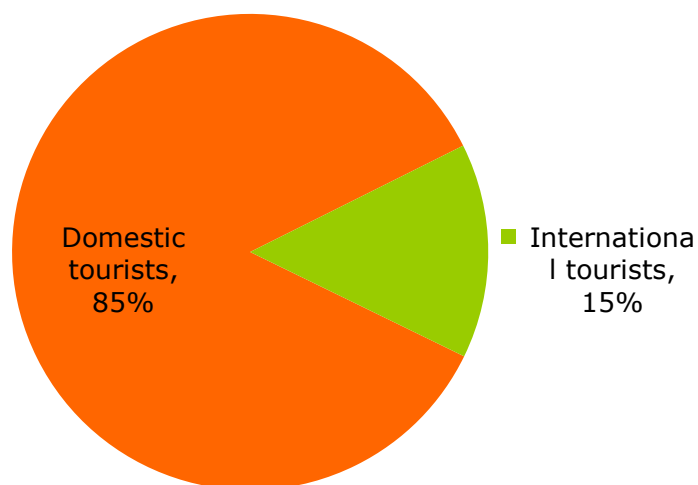
Total tourism spending in South Africa increased from R 107 billion in 2005 to R 231 billion in 2015 at an average annual rate of 8,0%.

CHART 1. TRIPS BY PURPOSE OF TRIP - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2015 [PERCENTAGE]



The visits to friends and relatives at 62,42% had the largest share the total tourism within Buffalo City Metropolitan Municipality. Leisure holiday tourism had the second highest share at 18,66%, followed by Business tourism at 11,04% and other (Medical, Religious, etc.) tourism with the smallest share of 7,88% of the total tourism within Buffalo City Metropolitan Municipality.

Tourism - tourists by origin
Buffalo City Metropolitan Municipality, 2015



Source: IHS Global Insight Regional eXplorer version 993

The following is a summary of the number of bed nights spent by domestic and international tourists within Buffalo City Metropolitan Municipality between 2005 and 2015.

TABLE 1. BEDNIGHTS BY ORIGIN OF TOURIST - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2005-2015 [NUMBER]

2005	1,340,000	318,000	1,660,000
2006	1,490,000	341,000	1,830,000
2007	1,650,000	347,000	1,990,000
2008	1,760,000	353,000	2,120,000
2009	1,840,000	358,000	2,200,000
2010	1,880,000	395,000	2,270,000
2011	1,820,000	378,000	2,200,000
2012	1,720,000	373,000	2,100,000
2013	1,620,000	358,000	1,980,000
2014	1,520,000	344,000	1,860,000
2015	1,650,000	308,000	1,960,000
Average Annual growth			
2005-2015	2.09%	-0.32%	1.67%

Source: IHS Global Insight Regional Explorer version 993

From 2005 to 2015, the number of bed nights spent by domestic tourists increased at an average annual rate of 2,09%. In the same period, the international tourists had an average annual decrease of -0.32%. The total number of bed nights spent by tourists increased at an average annual growth rate of 1,67% from 1,66 million in 2005 to 1,96 million in 2015.

ACHIEVEMENTS IN THE TOURISM SECTOR

In 2015 Buffalo City hosted a number of successful events which included amongst others the following:

Ironman: This event attracted 2 929 participants and 10 965 spectators. 5% of the participants were from foreign countries. A total of 36 187 bed nights were sold generating a total of R47 043 100. Furthermore the city received extensive positive media coverage both from the domestic media and international media.

Buyel'ekhaya Jazz Festival: Due to the size of the event and the support it receives at local, provincial and national level, the event has a major impact on the local economy. A total of 1 190 jobs were created. Some goods and services were sourced from the local suppliers injecting over R2 million into their businesses.

Thirty-one vendors were given an opportunity to sell at the event and they reported good business.

Artists were given an opportunity to showcase their talent. A total of R130 800 was paid out to local artists as a performance fee.

Local accommodation operators received bookings from the festival-goers.

Car hire companies were sold out during the weekend of the festival.

The event was widely marketed on the national platforms and generated over 8 million worth of media exposure for the city.

Buffalo City Summer Season: There were a number of benefits received by the local people as a result of the capital injection by the city. All the goods and services were sourced from local suppliers. The benefits received by different groups were as follows:

- A total of 156 local artists were provided with an opportunity to showcase their talent. This number excludes the local groups that participated in the carnival parade that has 150 people in King William's Town and over 200 in East London.

All artists who participated in the programme received an income for their services.

- Over 150 informal traders were given an opportunity to sell at the carnival to make a profit for themselves.
- Sixty marshals were provided with short-term employment.
- Many goods and services required to stage the event were sourced from local suppliers.

Other events which were hosted in the city and have had contributed significantly towards the increase of visitor numbers are:

Buffalo Regatta: This event attracted over 1 500 participants from outside the province generating approximately R4 725 000 to the local economy. It also generated massive national media coverage giving Buffalo City the maximum exposure.

Metro Heatwave: This event was held in Buffalo City for the first time in 2015. It attracted over 7 000 people. Because the event is a Metro FM event, the event was widely marketed on the Metro FM radio station and other SABC radio stations, giving Buffalo City an estimated 1,5million worth of media exposure.

Marketing Buffalo City in Travel and Trade Shows

In 2015/2016, the city has invested sizeable budget in marketing and promoting the city as a tourist destination of choice. Some of the platforms in which the city has participated include the following: Getaway Show in Johannesburg and Cape Town, Indaba Tourism Trade Show, World Travel Market Africa (WTM) in Cape Town, Beeld Travel Show in Johannesburg and Meetings Africa in Johannesburg. Some of the international trade shows in which the city participated included ITB in Berlin (Germany), Vakantiebeurs in Netherlands and Abav Travel Show in Brazil. These platforms provide the city with an opportunity to showcase its tourism offerings in order to increase the demand for the tourism products of Buffalo City. The marketing of the city assists towards increasing visitor numbers, reduce seasonality, improves geographical spread and increases tourist spend.

SMME Development

In SMME Development the city focused on capacitating the SMMEs with various skills in order to ensure that they run sustainable businesses. About 50 co-operative members from the Duncan Village area benefited from Co-operative Governance training. The training was identified by co-operative members as one of the key areas which assists them in outlining governance matters within their businesses. The training covered, amongst other things, how the co-operative enterprise should operate, and important areas in the Co-operatives Act no 14 of 2005. Another area that has been covered is organic training which has been provided to co-operatives which produce tomatoes (hydroponics).

Key strategic partnerships have been concluded with the private sector including Deloitte and Touche as well as Transnet which is the state owned entity. The Deloitte and Touch SMME development programme focuses on providing training on the few selected 13 SMMEs from the areas of Mdantsane and East London. The aim of the programme is to equip these SMMEs with the skills of managing their businesses' resources better. The training provided by Deloitte covered three sections of basic financial management and these were as follows: Record Keeping, Budgeting and Product Costing. After the training sessions, the SMMEs were to apply these financial management tools in their own businesses and report back with financial statements to show they have been practicing Record Keeping, Budgeting and Product Costing. Once their financial statements were "audited", they were going to be advised on how to improve in certain areas where applicable. This would be followed by a "Dragons' Den" where SMMEs were going to pitch their business plans for the mentorship from an eligible panel of Board Members.

Mdantsane Transnet Enterprise Development Hub is another project where the Business Development Unit worked in partnership with Transnet to establish a one-stop-shop in Mdantsane. The Enterprise Development Hub will provide business development support to entrepreneurs by providing access to varied products and services offered by both Provincial and National Economic Development Institutions under the same roof. The ED Hub also provides additional "business services" to entrepreneurs, including an internet café as well as meetings and boardroom facilities.

The following are the stakeholders who will operate within the ED Hub Small Enterprise Development Agency (SEDA), South African Revenue Services (SARS), Department of Small Business Development, National Youth Development Agency (NYDA) as well as the BCMM Business Support Centre and Transnet.

A number of SMMEs have been supported with access to markets which is an area that has been identified as key for SMMEs to succeed. Owing to financial challenges that have been experienced by the Unit, SMMEs were only assisted and supported in attending the local marketing platforms as they were cost effective. About 10 SMMEs have been supported by the Unit to attend and participate in the Wellness Expo that took place in September/October. The following are the SMMEs which participated in the expo marketing and selling different products; Ozzy Décor which manufactures furniture out of recycled tyres, Ubuntu Bethu which produces traditional outfits, Makakhe Sewing Co-operative which produces traditional outfits, East London Leather Clothes which produces leather products, Alfa and Omega Therapy which provides spa services, Weza's Cane Weaving which manufactures cane products, CKHO Ceramique which manufactures ceramic products, Villion Plan Media specializing in media and Wandile's Fine Art which produces arts.

The Unit also identified an opportunity for SMMEs during the Berlin November Horse Racing event which is one of the fastest growing privately owned events. The unit established the cultural village in partnership with the event organizers. This was the platform for SMMEs to showcase their products. Some of the SMMEs were exposed for the first time and they welcomed and applauded the Unit. From the reports that have been received from the SMMEs, they had made a lot through sales and many were happy to gain the exposure and get to market their products. In some cases making money was not key concern but marketing and follow-ups made after the event were the most important.

About 10 SMMEs were supported and attended the "Your Home Expo" which is another big privately- owned expo taking place within the City. The following SMMEs participated: SYLG Creations-manufactures neck accessories, Brite Wave-manufactures household cleaning products; Yuanji Occasions Events Management; Lux fashion which produces Western outfits; PK beads, manufactures of bead necklaces, CKHO Ceramique, manufactures ceramic

Products; Uyolo designs which produces traditional outfits; Mamande Chemical and Laundry Services Co-operative which produces household cleaning products and laundry services; Tyekelebende Co-operative which produces traditional outfits and Sibushandu Neck Pieces which produces African necklaces covered with African fabrics.

BCMM Franchise Expo is an anchor project for the Unit. This is an annual event that the City hosts. The expo was the most successful and rated number 1 compared to the International Franchise Expo which took place in Johannesburg (as rated by the exhibitors).

The Expo was fully funded by the Municipality and it has support from the Franchise Association of South Africa (FASA). The initiative attracted almost 50 exhibitors comprising both local and national brands. Closer to the event, marketing shifted to alert the general population of the unique opportunity of meeting franchisors, vendors of business opportunities and various experts on funding and SMME strategies. Visitors' numbers reflect that the Expo 2015's performance presented for the second time attracted well over 3 300 visitors over the two day period. By comparison, the most recent International Franchise Expo(IFE) which has been presented by FASA annually for the past 25 years and which serves the much larger target market of Johannesburg, Pretoria and surrounding areas attracted just over 4 000 visitors over three days.

Partnership with the Daily Dispatch was one of the highlights in terms of marketing and the Daily Dispatch advertised the Expo through the wrap which was a paper that wrapped the newspaper and had full articles about the Expo and workshop programmes therefore everyone within the Eastern Cape became aware of the Expo.

Under Hawker Support, the unit has done a lot of work in terms of supporting hawkers to trade in various events that are taking place within the City starting from the Buyel'ekhaya event, Chippa United Soccer matches, Berlin November and Metro Heatwave. Hawkers have been supported through compliance workshops which normally take place before the event. The unit works with different internal departments such as environmental health, fire and disaster. To make sure that they comply with all the standards,

Most traders have reported that they made good business in mostly all the events.

2015/2016 Achievements in Agriculture

In the 2015/2016 financial year, the city invested towards the building of the agricultural infrastructure by focusing on assisting small farmers. Buffalo City Economic Development, Agriculture and Rural Development has assisted farmers from Ncera Villages 8 & 9 and Pirie Mission Village with fencing of arable land. These villages have farmers' associations which are working with the Department of Rural Development and Agrarian Reform. The project has created employment for about 30 people.

The Unit also participated in the Agricultural Show in 2015 which was an initiative co-organised by the Buffalo City Metropolitan Municipality's Agriculture and Rural Development Unit and the Buffalo City Region of the Department of Rural Development and Agrarian Reform (DRDAR). The purpose of the show was to pull farmers together to exhibit their products while competing against one another, as well as to market their produce to the public, potential retail businesses and public institutions.

The Trade and Investment Promotion's unit attended the Hannover Trade Mission in Germany. The main objective of the agreement is the promotion of economic co-operation with specific focus on trade and investment opportunities between the two provinces.

INTERNATIONAL TRADE

Trade is defined as the act of buying and selling, with international trade referring to buying and selling across international borders, more generally called importing and exporting. The Trade Balance is calculated by subtracting imports from exports.

RELATIVE IMPORTANCE OF INTERNATIONAL TRADE

In the table below, the Buffalo City Metropolitan Municipality is compared to Eastern Cape and South Africa, in terms of actual imports and exports, the Trade Balance, as well the contribution to the GDP and the region's contribution to total national exports and imports.

TABLE 2. MERCHANDISE EXPORTS AND IMPORTS - BUFFALO CITY, EASTERN CAPE AND NATIONAL TOTAL, 2015 [R 1 000 CURRENT PRICES]

Exports (R 1000)	1,574,821	47,207,000	1,041,437,998
Imports (R 1000)	3,818,780	54,068,186	1,075,891,997
Total Trade (R 1000)	5,393,601	101,275,187	2,117,329,995
Trade Balance (R 1000)	-2,243,960	-6,861,186	-34,453,999
Exports as % of GDP	2.3%	15.4%	25.9%
Total trade as % of GDP	7.8%	32.9%	52.8%
Regional share - Exports	0.2%	4.5%	100.0%
Regional share - Imports	0.4%	5.0%	100.0%
Regional share - Total Trade	0.3%	4.8%	100.0%

Source: IHS Global Insight Regional Explorer version 993

The merchandise export from Buffalo City Metropolitan Municipality amounts to R 1.57 billion and, as a percentage of total national exports, constitutes about 0,15%. The exports from Buffalo City Metropolitan Municipality constitute 2,27% of the total Buffalo City Metropolitan Municipality's GDP. Merchandise imports of R 3,82 billion constitute about 0,35% of the national imports. Total trade within Buffalo City is about 0,25% of total national trade. Buffalo City Metropolitan Municipality had a negative trade balance in 2015 to the value of R 2,24 billion.

The ultimate goal of all the LED programmes that are implemented by the municipality is to ensure sustainability of local businesses in order to create employment opportunities and thus reduce poverty.

Unfortunately, the 2015/2016 financial year was the year in which there was least budget allocated for Economic Development, making it difficult to implement some of the planned programmes. Economic Development was allocated R18 million in the operating budget and R20 million in the capital budget.

T 3.11.1

Economic Activity by Sector			
			R '000
Sector	2013	2014	2015
Agric, forestry and fishing	0.7%	0.8%	0.8%
Mining and quarrying	0.2%	0.1%	0.1%
Manufacturing	14.2%	13.9%	13.3%
Wholesale and retail trade	21.0%	21.0%	21.6%
Finance, property, etc.	19.7%	19.8%	19.9%
Govt, community and social services	27.7%	27.7%	27.6%
Infrastructure services	16.5%	16.7%	16.2%
Total	100.0%	100%	100%
			T 3.11.2

Agro-processing

In 2015 the total real GDP-R for the agro-processing industry in BCMM was estimated at R2,5bn from R2,4bn in 2010. The agro-processing sector accounts for 44,5% of the total manufacturing sector within BCMM. From a trade point of view, the industry showed a trade surplus of R212,1m in 2015. The positive trade balance is driven mainly by an increase in the export of prepared foodstuffs such as prepared vegetables, fruits and nuts and sugar and other confectionaries from 2010 to 2015. The remainder is constituted by beverages, production of furniture and other wood related products.

Renewable Energy

Whilst Buffalo City Metro has not benefitted in the previous windows of the Renewable Energy Independent Power Producer Procurement Programme (REI4P), there is a strong pipeline of projects earmarked to commence in 2017, ranging from solar panels, components thereof to a 1,8MW wind farm and 2to3MW biomass facility. If at least ten (10) of the submitted sixteen (16) applications can proceed, the Metro could see the creation of approximately just over 1 300 jobs.

Clothing and Textile

This industry has been in decline for the past two decades and experienced a further contraction by R52.4m from 2010 to 2015. As in 2015 the industry contributed R252.8m

in the Metro's GDP-R, accounting for a meagre 4,5% of the city's manufacturing sector. The trend as with the rest of the country is focusing on a few niche products.

Economic Employment by Sector			
Sector	Labour remuneration		
	2013	2014	2015
Agriculture , forestry and fishing	126218	148 996	164 042
Mining and quarrying	39516	32 732	34 070
Manufacturing	5419171	5 542 936	5 918 492
Wholesale and retail trade	4680476	5 043 970	5 525 448
Finance, property, etc.	4429874	5 006 077	5 483 177
Government, community and social services	12330129	13 188 607	13 841 373
Infrastructure services	3517306	3 695 726	3 987 787
Total	30542690	32 659 044	34 954 389
T 3.11.3			

COMMENT ON LOCAL JOB OPPORTUNITIES:

Buffalo City Metropolitan Municipality's EAP was 333 000 in 2015, which is 41,13% of its total population of 809 000, and roughly 16,93% of the total EAP of the Eastern Cape Province. From 2005 to 2015, the average annual increase in the EAP in the Buffalo City Metropolitan Municipality was 0,70%, which is 0,448 percentage points lower than the growth in the EAP of Eastern Cape's for the same period.

In 2005, 42,4% of the total population in Buffalo City Metropolitan Municipality was classified as economically active which decreased to 41,1% in 2015. Compared to the other regions in Eastern Cape, Nelson Mandela Bay Metropolitan Municipality had the highest EAP as a percentage of the total population within its own region relative to the other regions. On the other hand, Alfred Nzo Metropolitan Municipality had the lowest EAP with 17,5% people classified as economically active in 2015.

The Buffalo City Metropolitan Municipality's labour force participation rate decreased from 61,39% to 60,52% which is a decrease of -0.87 percentage points. The Eastern Cape Province increased from 45,65% to 46,35% and South Africa increased from 55,96% to 57,59% from 2005 to 2015. The Buffalo City Metropolitan Municipality labour force participation rate exhibited a lower percentage point change compared to the

Eastern Cape Province from 2005 to 2015. The Buffalo City Metropolitan Municipality had a higher labour force participation rate when compared to South Africa in 2015.

In 2015, the labour force participation rate for Buffalo City was at 60,5%, which is very similar when compared to the 61,4% in 2005. The unemployment rate is an efficient indicator which measures the success rate of the labour force relative to employment. In 2005, the unemployment rate for Buffalo City was 27,6% and it decreased over time to 25,8% in 2015. The gap between the labour force participation rate and the unemployment rate increased, which indicates a positive outlook for employment within Buffalo City Metropolitan Municipality.

TABLE 3. TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR – BUFFALO

	Buffalo City	Nelson Mandela Bay	Cacadu	Amatole	Chris Hani	Joe Gqabi	O.R.Tambo	Alfred Nzo	Total Eastern Cape
Agriculture	17,000	9,390	24,100	9,200	9,420	7,090	5,150	3,470	84,827
Mining	41	29	6	25	29	14	51	54	250
Manufacturing	21,800	80,800	17,300	8,720	6,550	3,830	6,430	3,600	149,014
Electricity	980	1,270	491	635	610	325	952	343	5,604
Construction	19,400	27,500	14,700	13,600	14,100	8,690	18,300	13,000	129,354
Trade	53,000	86,700	33,200	33,300	24,700	14,500	41,300	19,100	305,689
Transport	10,800	27,600	7,380	6,330	4,800	2,780	8,530	4,040	72,179
Finance	24,800	57,400	12,400	12,300	10,900	4,640	17,500	8,120	148,056
Community services	59,700	94,900	25,700	43,500	39,300	19,000	58,400	27,400	367,900
Households	22,800	25,600	16,500	13,400	12,100	8,290	14,500	7,460	120,672
Total	230,000	411,000	152,000	141,000	123,000	69,200	171,000	86,500	1,383,545

TABLE 4. CITY AND THE REST OF EASTERN CAPE, 2015 [NUMBERS]

SOURCE: IHS GLOBAL INSIGHT REGIONAL EXPLORER VERSION 993

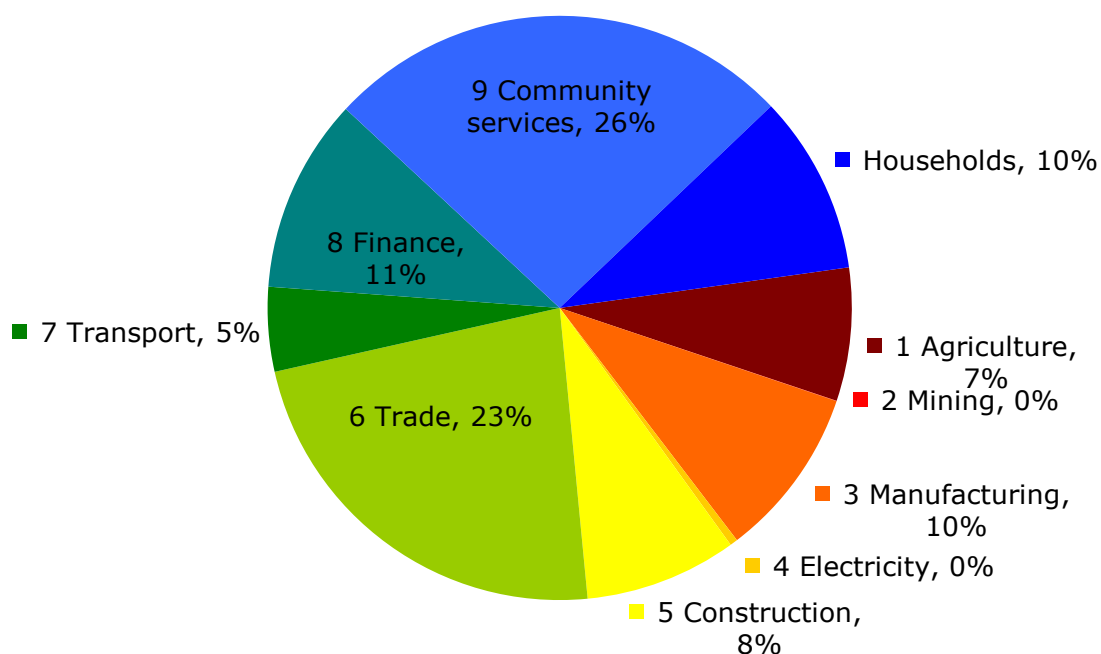
Buffalo City Metropolitan Municipality employs a total number of 230 000 people within its metropolitan municipality. The metropolitan municipality which employs the highest number of people relative to the other regions within Eastern Cape Province is Nelson Mandela Bay Metropolitan Municipality with a total number of 411 000. The metropolitan municipality which employs the lowest number of people relative to the other regions within the Eastern Cape Province is Joe Gqabi District Municipality, with a total number of 69 200 employed people.

In Buffalo City Metropolitan Municipality the economic sectors which recorded the largest number of employees in 2015 were the community services sector with a total of 59 700 employed people or 25,9% of total employment in the metropolitan municipality. The trade sector with a total of 53 000 (23,0%) employs the second highest number of people relative to the rest of the sectors. The mining sector with 41 (0,0%) is the sector which employs the least number of people in Buffalo City Metropolitan Municipality, followed by the electricity sector with 980 (0,4%) people employed.

CHART 2. TOTAL EMPLOYMENT PER BROAD ECONOMIC SECTOR - BUFFALO CITY METROPOLITAN MUNICIPALITY, 2015 [PERCENTAGE]

Total Employment Composition

Buffalo City, 2015



Source: IHS Global Insight Regional eXplorer version 993

T 3.11.4

Jobs Created during 2015/2016 by LED Initiatives (Excluding EPWP projects)

Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2013/2014				
2014/2015	1500	300	1200	time sheets
2015/2016	2025	250	1750	time sheets
Community Works Programme (CWP)	2000.0	250		
Agriculture Infrastructure project	35.0	0		

T 3.11.5

JOB OPPORTUNITIES CREATED THROUGH EPWP

INTRODUCTION

The objectives of the evaluation are to provide the evaluation of the Expanded Public Works Programme. In terms of section 12 (5) (b) of the 2014 Division of Revenue Act (Act No.2 of 2014), the receiving officer must annually evaluate the performance of programs funded or partially funded by a schedule 5 conditional grant and submit such evaluations to the transferring national officer within two months after the end of the financial year.

BACKGROUND

A. Overall description of the programme

In terms of Division of Revenue Act (DoRA) (Act No.2 of 2014) municipalities have an allocation of EPWP Integrated grant. In the previous years the municipalities were receiving this grant funding under schedule 8 and it was called EPWP Incentive grant. Under schedule 8 grant, transfers to municipalities were based on performance. Therefore municipalities were incentivised for performing on their projects and meeting targeted Full Time Equivalent (FTE). Starting from 2012/2013 financial year the EPWP grant has changed to be a schedule 5 grant, municipalities receive upfront allocation. All municipalities receiving the grant are expected to comply with DoRA, reporting on a monthly basis to the National Transferring Officer on expenditure or non-expenditure on the grant by the 10th of every month.

In 2015/2016 financial year BCMM had an allocation of R 1 149 000 as per the agreed payment schedule of municipalities, BCMM received 100% of the allocation. BCMM submitted a Business Plan (BP) to the amount of R 297 000 for Rehabilitation and Maintenance of Asphalt & gravel roads & stormwater within BCM, R 297 000 for Operation and Maintenance of Public facilities, and R 594 000 for Maintenance of Eco Parks in Duncan Village and Mdantsane, which was later approved by the National Department of Public Works (NDPW).

- **Rehabilitation and Maintenance of Asphalt & gravel roads & stormwater within BCM:**

The project is to maintain municipal roads and stormwater infrastructure. The programme had a dual benefit of providing work opportunities as well as addressing critical service delivery needs. The Roads department implemented the programme, which created a maximum of 500 work opportunities per month.

- **Operation and Maintenance of Public facilities within BCM:**

This project is aimed at the provision and maintenance of sanitation services to informal settlements throughout the municipality, through the use of labour intensive construction methods and the EPWP employment. The municipality is therefore able to address the critical backlog in essential service delivery to informal settlement areas while creating sustainable work opportunities. The Sanitation Department implemented the project, which created 312 work opportunities per month.

- **Operation and Maintenance of Public facilities (Eco Parks) within BCM:**

This project is aimed at the provision and maintenance of Mdantsane and Gompso Eco Parks. The project's main objective is to clean up selected unused open spaces in order to prevent illegal dumping and promote efficient use of open spaces in the form of sports fields and recreational open areas. The project generated much needed employment, and transfer of skills. In addition to contributing to open space management, eco parks also enhance the physical character of areas and promote greening initiatives. The Community Services Directorate implemented the project, which created 187 work opportunities per month.

The table below shows amounts allocated and spent during the three years of allocation

	2013/2014	2014/2015	2015/2016
Budget	R 3 259 177	R 1 890 000	R 1 149 000
Spent	R 3 277 969	R 1 614 959	R 1 034 128
Difference	R 18 792	R 275 041	R 114 872

The amount allocated and expended for the 2015/2016 financial year is shown in the table above. A balance of R114 872 appears to be unspent, a rollover of funds is requested as the funds were committed. This may be attributed to misallocation by Departments or wrong journal entries.

B. Grant Framework and programme design

• Purpose of the grant

The purpose of the grant is meant as an incentive to municipalities to expand work creation efforts through the use of labour intensive delivery methods in compliance with the EPWP guidelines. To improve the quality of life of poor people and increase social stability through engaging the unemployed in productive activities.

• Outputs

The below table outlines the targets and measuring tool of the programme

Outputs	2015/2016 Target	Progress towards achieving the outputs
Increased number of people employed and receiving income through the EPWP.	7,371 Work opportunities 1461 FTE's	Operation and Maintenance of Ablution Blocks: Duncan Village: 226 , Ducats: 12 , Mdantsane: 65 Reeston: 9 w/o. Rehabilitation and maintenance of roads & stormwater. All BCMM wards: 500 w/o. Maintenance of Eco Parks. Mdantsane: 94 Duncan Village: 20 Amalinda: 73
Increased average duration of the work opportunities created.	12 months as per EPWP Business Plan submitted to NDPW.	Operation and Maintenance of Ablution Blocks Project is progressing well. Rehabilitation and maintenance of roads & stormwater infrastructure: Project on going. Maintenance of Eco Parks. Project on going.
Increased income per EPWP beneficiary.	Minimum wage rate is R78.86 as specified in the Ministerial Determination for Expanded Public Works Programmes and no maximum specified for Phase 3.	The entire EPWP Incentive grant funded projects pay workers R140 per day and R150 per day for supervisors.

CHALLENGES

- Institutionalization of EPWP within the municipality.
- Dedicated coordination and reporting capacity per Directorate.
- Lack of commitment from departments
- EPWP Policy of Phase 2 is adopted but not fully implemented.
- EPWP Policy is not yet revised to accommodate EPWP Phase 3.

RECOMMENDATIONS

- Current adopted EPWP Policy (Phase 2) must be operationalised.
- Appointment of EPWP Champions by Directorates as a dedicated reporting capacity.
- Current EPWP Policy must be reviewed and adopted in line with EPWP Phase 3 and current Ministerial Determination.
- Municipality must fund and appoint on council approved vacant positions.
- EPWP and job creation must be on the performance score cards of Directorates.

T 3.11.6

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Create an enabling economic environment with focus on key growth sectors.	Number of capacity building programmes implemented to support SMME businesses	5	5	5	5	3	4	7	4
	Number of agricultural programmes implemented	2	2	2	2	2	2	8	10
	Number of Economic Partnerships formalised	1	1	1	2	2	2	2	2

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
	number of jobs created through LED initiatives including implementation of capital projects	500	400	400	500	2035	2035	650	700
	Number of jobs created using the expanded Public Works Programme.	9900	2899	9900	7371	2700	7932		

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

T 3.11.7

Employees: Local Economic Development Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.11.8

Financial Performance 2015/16: Local Economic Development Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	47 410	10 000	23 975	19 917	50%
Expenditure:					
Employees	9 204	21 357	23 827	23 005	7%
Repairs and Maintenance	14	1 059	923	818	-29%
Other	39 586	22 241	32 713	32 148	31%
Total Operational Expenditure	48 804	44 657	57 462	55 972	20%
Net Operational Expenditure	1 394	34 657	33 488	36 055	4%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.11.9					

Capital Expenditure 2015/2016: Economic Development Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	20 000	24 000	11 859	-69%	
Enabling Infrastructure Programme - LED	10 000	10 000	2 329	-329%	10 000
Enabling Infrastructure Programme - LED	10 000	10 000	8 806	-14%	10 000
Incubation Hubs	–	2 000	724	100%	2 000
Rural Agric. Infrastructure	–	2 000	–	0%	2 000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.11.10					

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

In the 2015/2016 financial year, the Economic Development was allocated a total capital budget of R24 million and an operating budget of R18 200 000. The expenditure for capital projects at the end of the financial year was at 67% whilst expenditure for operating projects was at 99%. The two Capital projects which were implemented in the 2015/2016 were the upgrading of the Fresh Produce Market and the fencing of arable land as part of the agriculture infrastructure.

The Directorate has been unable to spend its full budget and meet all targets set out in the IDP. This is due to budget constraint. The additional budget was only made available during the adjustment budget leaving the Directorate with little time to implement all the planned projects given the cumbersome procurement process.

T.3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Directorate of Community Services (Municipal Services) is comprised of the following Departments:

- Solid Waste Management Services which appears under 3.4
- Community Amenities: Sports fields, Beaches, Zoo, Aquarium, Resorts, Swimming Pools, Community Halls and Libraries
- Parks, Cemeteries and Conservation: Cemeteries, Crematorium, Parks, Horticulture and Arboriculture

SUPPORT GIVEN TO POOR COMMUNITIES

The benefits to poor communities, e.g. Libraries are the support to schools by having access to relevant information for study purposes.

Communities in the process benefit through passive and access to information relating to job opportunities and offer life -long learning

For Halls, the benefit is access and use of these facilities for sport, cultural, leisure and funerals.

T 3.12

3.12 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

LIBRARIES

Buffalo City Council manages 17 libraries, 2 Mobile Libraries, 3 Prison Depots and 3 Old Age Home Depots, with 73 250 subscribers on behalf of the Provincial Government. The latter only subsidized Council's libraries' operating budget of R26 978 280 by R10 million in the 2015/2016 financial year. There is a need to extend the library service to all communities, especially by means of electronic media such as e-books which will take the service to all community members with e-reader capable hardware without the user having to commute to a library, as well as Mobile Services.

Challenges have been recorded in respect of the following:

- The signing of a Memorandum of Agreement between the Department of Sport, Recreation, Arts and Culture and Buffalo City Metropolitan Municipality for an annual library subsidy.
- The awarding of Contract CE223 – The Supply and Delivery of Printed, Digital and Electronic Library and Information Resources in Library Editions and Formats.

Solutions/Remedial Action

- The Memorandum of Agreement is currently awaiting signature in order that the 2016/2017 annual library subsidy can be paid over to Buffalo City Metropolitan Municipality.
- Contract CE223 was advertised on 8 April 2016 and tenders closed on 13 May 2016. A memorandum was done on 26 May 2016 requesting the appointment of three technical advisors to the BEC in relation to the evaluation of closed bids. The department is currently compiling a report regarding the bids received, and the report

will be presented to the Bid Evaluation Committee for evaluation. Approval has been sought to extend the validity period in order to allow the award process of the tender to continue.

INTRODUCTION TO COMMUNITY HALLS

Buffalo City Council manages 36 tariff-levying halls.

A general survey of halls was undertaken within the Directorate of Municipal Services which commenced in December 2004 and was reported to Council in October 2005. During that survey, more than 90 facilities were visited and technically assessed. The facilities listed were either inherited from the erstwhile East London and King William's Town Transitional Local Councils or from the Amathole District Municipality. The Buffalo City Metropolitan Municipality Land Administration Division is currently facilitating the transfer of ownership of the various ex-Amathole District Municipality Halls to Buffalo City.

These facilities fall into two categories, namely:

1. Tariff levying halls which are managed by Buffalo City Metropolitan Municipality of which there are 36 which were inherited from the erstwhile East London and King William's Town Transitional Local Councils. These halls have an operating budget and staff.
2. Non-tariff levying halls of which there are 53 and which were primarily constructed by the Amathole District Municipality. Council levies no tariff for these halls (despite previous requests) as they have no operating budget, and no staff. It is also considered onerous for rural communities to book the facilities as there are only 4 booking points.

Many community halls are in need of refurbishment, estimated to exceed R70 million in value. Lack of security guards increases Council's risk. Council's insurers may decline claims on the basis that Council took no reasonable steps to secure its properties. Insufficient funding has been allocated in the budget.

Top 3 service delivery priorities

1. Construction of Nompumelelo Hall
2. Refurbishment of 5 Mdantsane Halls
3. Refurbishment of King Williams Town Hall

For Halls, the benefit is access and use of these facilities for sport, cultural, leisure and funerals.

T 3.12.1

SERVICE STATISTICS FOR LIBRARIES AND COMMUNITY HALLS

Buffalo City Council manages 17 libraries, 2 Mobile Libraries, 3 Prison Depots and 3 Old Age Home Depots, with 73 250 Subscribers on behalf of the Provincial Government.

Buffalo City Council manages 36 tariff levying halls with approximately 4 638 events having been held in the past 12 months.

T 3.12.2

Libraries and Community Halls; Other Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To provide adequate amenities to all BCMM communities	To provide new community amenities, number of community halls constructed , Nompumelelo Community Hall	12	10	10	10	7	0	0	7
To provide new community amenities and improve infrastructure of existing amenities	To improve infrastructure of existing amenities, number of community halls upgraded	1 Planning & design	1	1	1	0.5 partial completion of construction phase 1	0.75	1	1
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 2014/2015 Budget/IDP round; *'Current Year' refers to the targets set in the 2015/2016 Budget/IDP round. *'Following Year' refers to the targets set in the 2016/2017 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

T 3.12.3

T 3.12.3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	14	19	15	4	21%
4 - 6	29	43	32	11	26%
7 - 9	10	17	11	6	35%
10 - 12	13	22	14	8	36%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	66	101	72	29	29%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

T 3.12.4

Financial Performance 2015/16: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2014/ 2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 684	36 469	9 400	12 699	-187%
Expenditure:					
Employees	45 431	65 526	63 800	62 107	-6%
Repairs and Maintenance	1 230	2 143	1 929	5 966	64%
Other	12 779	27 282	15 858	30 258	10%
Total Operational Expenditure	59 440	94 951	81 587	98 331	3%
Net Operational Expenditure	46 756	58 482	72 187	85 632	32%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.12.5					

Capital Expenditure 2015/16: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	38 794	14 951	11 954	-225%	
Development and Upgrading of Community Halls - War Memorial Hall -Upgrade of Parking Area, Egoli Community Hall(New Hall), Continuation of KWT Town Hall, 5 NU Halls Mdantsane and painting of Carnegie Hall.	9 000	2 095	1 842	-389%	-
Reeston MPCC - DVRI	13 069	-	-	0%	-
Upgrading of Coastal Nature Reserves	4 450	1 000	731	-509%	-
Upgrading of Zoo Facilities	1 500	1 500	1 333	-13%	-
Upgrading of Resorts	5 000	5 000	3 747	-33%	-
Plant and Equipment for Nature Reserves	450	450	114	-294%	-
Tools and Equipment (Zoo)	25	75	57	0%	-
Plant and Equipment for the Aquarium	300	300	180	-67%	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.12.6					

COMMENT ON THE PERFORMANCE OF LIBRARIES AND COMMUNITY HALLS

The target for the 2015/2016 financial year was the upgrading of ten community halls. Of the ten, seven were completed as the vote was split to accommodate the Construction of Nompumelelo Hall. The budget as a whole was 98% spent. Therefore, no rectification is required. In the 2016/2017 financial year, budget has been set aside solely for the construction of Nompumelelo Hall, leaving no funding for the upgrading of community halls. This is of concern as facilities will deteriorate if no upgrading budget is available.

T 3.12.7

3.13 CEMETERIES AND CREMATORIUMS

INTRODUCTION TO CEMETERIES & CREMATORIUMS

In the year under review, Council has invested a reasonable amount of funding in the upgrading and development in the Inland, Coastal and Midland regions. The Department has also managed to deal with critical challenges that were experienced in order to maintain cemeteries to acceptable standards which include shortage of land, vandalism, poor access roads, poor horticultural maintenance and lack of security.

R8 million was made available in the 2015/2016 financial year for the fencing of cemeteries in order to provide security around the cemetery environment. The fencing assists in the minimisation of vandalism and theft and improves the aesthetics of the cemeteries. Fencing was done in 9 cemeteries, namely Cambridge Crematorium, Cambridge Location, Fort Grey, Phakamisa, Ilitha, Berlin, Bhisho and Biko Cemeteries. Environmental impact assessment studies are currently being conducted to extend the Haven Hills Cemetery

T 3.13.1

SERVICE STATISTICS FOR CEMETERIES & CREMATORIUMS

The total number of burials and cremations during the 2015/2016 year are as follows:

Burials = 3 569

Cremations = 1 086

T 3.13.2

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Development and Upgrading of Cemeteries	No. of Cemeteries upgraded	three	eight	three	eight	nine	eight	eight	eight
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 2014/2015 Budget/IDP round; *'Current Year' refers to the targets set in the 2015/2016 Budget/IDP round. *'Following Year' refers to the targets set in the 2016/2017 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									
T 3.13.3									

T 3.13.3

Employees: Cemeteries and Crematoriums					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	80	74	65	9	12%
4 - 6	15	19	15	4	21%
7 - 9	6	6	6	0	0%
10 - 12	3	3	3	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	105	103	90	13	13%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

T 3.13.4

Financial Performance 2015/16: Cemeteries and Crematoriums					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	17 124	16 910	8 371	8 162	-107%
Expenditure:					
Employees	20 078	19 644	19 985	20 684	5%
Repairs and Maintenance	250	402	402	459	12%
Other	8 330	8 559	9 337	12 175	30%
Total Operational Expenditure	28 658	28 605	29 724	33 318	14%
Net Operational Expenditure	11 534	11 695	21 353	25 156	54%
<p>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</p>					

T 3.13.5

Capital Expenditure 2015/16: Cemeteries and Crematoriums					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8 000	8 871	7 935	-1%	
Development and Upgrading of Cemeteries(Inland, Midland and Coastal)	8 000	8 871	7 935	-1%	–
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.13.6					

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIALS OVERALL:

The only major challenge for the Cemeteries Division was the acquisition of suitable land within the jurisdiction of BCMM. BCMM is in the process of formulating a Master Plan on a three year cycle to identify cemeteries in all areas within the jurisdiction of BCMM, and the appointment of a professional service provider to conduct Environmental Impact Assessment Studies on areas identified for new cemetery development. However, the process for achieving the establishment of new cemeteries as indicated in the 5 year IDP targets will not be possible as the process of the investigations must be undertaken over a 3 year period which incorporates the Master Plan which has to take its course before the establishment of cemeteries can be finalized.

In terms of the annual performance of Cemeteries and Crematoriums (Capital Projects) the target and financial spending for the 2015/2016 financial year was 99 % achieved on the upgrading and development of infrastructure regarding cemeteries as indicated in table T3.13.1.

The upgrading of cemeteries as reflected in the 5 year target reflected in the IDP is achievable with the available funding to address the challenges and includes poor access roads, vandalism and lack of security. The horticultural maintenance will be an operational function.

T 3.13.7

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Child care, aged care and social programmes are implemented by the Eastern Cape Provincial Department of Social Development and Special Programmes. Notwithstanding this, the metro acknowledges its role in ensuring all citizens especially the vulnerable groups including children and the aged are afforded an opportunity to participate in metro planning and budgeting processes.

The BCMM Integrated Development Plan (IDP) highlights a number of cross-cutting issues which impact on the sustainability of mankind and the environment. These issues are referred to as Local Agenda 21 priorities and include HIV and AIDS, Poverty, Gender, Disability, Older Persons, Youth and Children. The metro has dedicated strategies for each of these Local Agenda 21 priorities.

The metro has within the year under review, commenced a process towards finalizing the BCMM Child and Youth Development Strategy. Said strategy will greatly assist the metro with creative mechanisms to address service delivery priorities including poverty reduction interventions, public participation processes and increased access to basic services for the most marginalized group within society namely children, within the ambit and mandate of local government and assist BCMM mainstreaming child development within its Integrated Development Plan.

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The metro supports the Department of Social Development and Special Programmes in addressing early childhood development by means of health inspections and issuing of health certificates for early childhood development centres. The Stats SA General Household Survey: 2014 indicates that the percentage of children 0 - 4 years attending child care facilities at day care centres, crèches, nursery schools and primary schools within the Eastern Cape is 35.4% versus 33.8% nationally. The Eastern Cape day mother uptake is 8.4% compared to 16% nationally. Children at home cared for a parent or guardian within the Eastern Cape is 50% as opposed to 42.7% nationally. The Eastern Cape Department of Social Development and Special Programmes has initiated a process to collect data which will also provide statistics for BCMM in respect of childcare facilities.

T 3.14.2

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objective s	Outline Service Targets	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
(i)	(ii)								
BCMM is well structured and well capacitated to deliver on its mandate									
Programmes supported through existing partnerships with emphasis on Vulnerable Groups	Vulnerable Groups beneficiated from Development Co-operation partnerships	1 Orphan and Vulnerable Child Project	2 actual projects:	1 Orphan and Vulnerable Child Project	1 Orphan and Vulnerable Child Project	1 project	1 Orphan and Vulnerable Child Project	1 Orphan and Vulnerable Child Project	1 Orphan and Vulnerable Child Project
			Upgrade KWT Child and Youth Centre - Dutch City of Leiden Twinning			Swim Safety Programme for Isbinidi Safe Park children - Dutch City of Leiden Twinning			
			Launch of Masimanyane Safety Shelter for women and their children - Swedish City of Gavle Twinning						T3.14.3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	2	2	2	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.14.4

Financial Performance 2015/16: Child Care; Aged Care; Social Programmes					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.14.5

Capital Expenditure 2015/16: Child Care; Aged Care; Social Programmes					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	
Project B	0	0	0	0%	
Project C	0	0	0	0%	

Capital Expenditure 2015/16: Child Care; Aged Care; Social Programmes					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Project D	0	0	0	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.14.6					

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

The Metro's Special Programs Unit does not implement any childcare, aged care and social programmes capital projects as these are implemented by the Department of Social Development and Special Programmes.

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Buffalo City Metropolitan Municipality is mandated to ensure the protection of the environment and the conservation of natural resources, balanced with sustainable development and the equitable distribution of benefits derived from natural resources. There are policies and procedures in place which are aimed at conserving the natural resources, preserving the current natural environment and reversing the degradation of the natural environment if at all possible.

T 3.15

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Buffalo City Metropolitan Municipality performs various air quality functions including ambient air quality monitoring, identifying and assessing sources of emissions, the air emission licencing function and enforcing the National Environmental Management Act (NEMA) as well as the Environmental Health By-laws with respect to air pollution.

The municipality has an Environmental Pollution Control section with two full time Environmental Pollution Officers working under the supervision of a Chief Environmental Health Practitioner.

The Chief Environmental Health Practitioner (CEHP) for the section is Buffalo City Metropolitan Municipalities (BCMM's) designated Air Quality Officer.

Buffalo City Metropolitan Municipality recently acquired the necessary resources and capabilities to perform the function in line with a Memorandum of Understanding entered into between DEDEAT and BCMM. BCMM Environmental Health Practitioners commenced undertaking the Atmospheric Emission Licence function from the 1 July 2015. This followed a programme of capacitation of staff in this field.

In terms of enforcing the provisions of NEMA Environmental Pollution Officer Mr Lukhanyo Mgadle has been designated an Environmental Management Inspector (EMI). The appointment followed the successful completion of the EMI course by Mr Mgadle

and the signing of the Implementation Protocol for the Designation of Local Authority Environmental Management Inspectors by BCMM and DEDEAT in February 2015.

There are a number of activities being conducted in the BCMM area that require Atmospheric Emission Licence's. These activities include battery manufacturers, brick products, bulk fuel storage depots, asphalt producers, metal dye casting operators, animal matter processors, metal galvanising operators, operators of paint incinerators etc. BCMM will be responsible for processing renewals, reviews and transfers for the Atmospheric Emission Licences of the operators that have been issued with licences by Province prior to 1 July 2015 as well as processing Atmospheric Emission Licence applications for activities that are not as yet licenced. Two Atmospheric Emission Licence applications are currently being assessed by BCMM.

In 2013 the Department of Environmental Affairs (DEA) formulated draft regulations for Atmospheric Emission Licence processing fees for licencing authorities.

In terms of the Air Quality Act and related National legislation and policy, BCMM's functions include:

Assessment and identification of priority pollutants, sources and areas.

Monitoring of ambient air quality.

Monitoring of emissions from sources and areas by the development and maintenance of an emissions inventory.

Establishment of local emission standards, should this be necessary, to improve air quality in the area.

The 3 top priorities set for the department during the year under review were:

- Number of projects implemented in line with the Air Quality Management Plan;
- Number of days when air pollution exceeds National Ambient Standards &
- Number of projects implemented in line with Municipal Health Services Plan – No of water samples taken, tested and analysed

During the year under review one of the key deliverables in terms of Pollution Control was to ensure that the number of days permissible for air pollution to exceed national ambient standards is 25 days and less. BCMM managed to comply in terms of the 1st quarter reporting and air pollution was kept below the 25 days permissible however due

to challenges the monitoring of air pollution from the 2nd quarter to the 4th quarter was not undertaken.

BCMM also successfully introduced the Atmospheric Emission Licence tariff which will be implemented from the 1 July 2016.

Apart from air quality the section also performs the noise pollution control function as well as aspects relating to water and waste pollution.

The municipality has two fixed and one mobile ambient air quality monitoring stations.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

The top priorities set for the department during the year under review were:

Number of projects implemented in line with the Air Quality Management Plan;

Number of days when air pollution exceeds National Ambient Standards &

Number of projects implemented in line with Municipal Health Services Plan – No of water samples taken, tested and analysed

During the year under review, 1st quarter from July to September, BCMM managed to comply with national legislation by ensuring that air pollution in the city did not exceed the number of days permissible for air pollution, which is 25 days and less.

During the 2nd quarter through to the 4th quarter of the year under review the Institution encountered challenges which rendered the Air Monitoring Stations non-operational. Statistics regarding air pollution could not be produced for this period.

Two Atmospheric Emission Licence applications are currently being assessed by BCMM. DEDEAT must still approve the Environmental Impact Assessments (EIA) prior to BCMM granting the licence.

The Atmospheric Emission Licence application received from First National Battery has been approved by BCMM.

BCMM also undertakes water sampling on all public health facilities on a monthly basis. This programme seeks to monitor the quality of water rendered by the water service authority and to advise on remedial actions, moreover to ensure the prevention of water-borne diseases within Buffalo City Metropolitan Municipality's area of jurisdiction as required by legislation.

During the year under review, 439 water samples were submitted for analysis and 48 samples failed. Those that did not comply were mostly from clinics with rain- water tanks. The Buffalo City Metro Health District Manager was notified of the failures and advised to undertake corrective measures.

All Environmental Health Practitioners, as well as the Environmental Pollution Officers deal with noise complaints/investigations.

The Ezekiel Environmental Health Management System recorded the following noise complaints and corrective measures taken:

Total noise complaints investigated 2015/2016 = 28

Noise complaints resolved 2015/2016 = 7

Notices served on offenders = 21

Actions regarding noise complaints are dealt with in accordance with the BCM Noise By-laws which may involve the issuing of notices if necessary

T 3.15.2

Pollution Control Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2015/2016		2016/2017			2017/2018	2018/2019	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Water and air purity	Number of projects implemented in line with the Municipal Health Services Plan - Water samples taken	120	439	2 (Food Sampling and Water Sampling Quality project)	360	452	N/A	N/A	N/A
	Number of days when air pollution exceeds National Ambient Standards	< 25 days	No pollution exceedances reported in the 1st quarter. 2nd to 4th quarter no reporting were undertaken due to non-calibration of machines.	< 25 days	< 25 days	< 25 days	< 25 days	< 25 days	< 25 days
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.15.3

T 3.15.3

Employees: Pollution Control					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	13	13	11	2	15%
4 - 6	5	7	7	0	0%
7 - 9	9	6	6	0	0%
10 - 12	24	24	23	1	4%
13 - 15	6	6	5	1	17%
16 - 18	1	1	1	0	0%
19 - 20	0	2	0	2	100%
Total	58	59	53	6	10%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.15.4

Financial Performance 2015/16: Pollution Control					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	0%
Expenditure:					
Employees	857				0%
Repairs and Maintenance	145				0%
Other	421				0%
Total Operational Expenditure	1423				0%
Net Operational Expenditure	1423				0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.15.5

Capital Expenditure 2015/2016: Pollution Control					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	500	0	20	481	
Air Monitoring Station - Supply Installation & Commissioning of an Air Quality PM 10/PM2.5 Analyser	500	0	20	481	500
Project B					
Project C					
Project D					

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.15.6

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

The Pollution Control Department had one capital project to undertake during the year under review:

- Air Quality Monitoring Stations - Supply Installation & Commissioning of an Air Quality PM 10/PM2.5 Analyser

The department did not spend any of its capital budget during the year under review due to internal challenges encountered. However, these challenges have since been addressed and the award was made towards the end of the financial year and expenditure will thus take place in the 2016/2017 financial year.

The 5 year IDP targets are Number of priority projects implemented in line with Air Quality Management Plan and Number of days when air pollution exceeds National Ambient Standards

Air Monitoring Stations were operational during the 1st quarter and the Institution successfully monitored air pollution in terms of the National Ambient Air Quality Standards in the City.

However, during the year under review the Institution encountered several challenges which hindered service delivery from the 2nd quarter to the 4th quarter in terms of monitoring air pollutants in the City. These challenges have since been addressed and Air Monitoring Stations should be operational from the 1st quarter of 2016/2017.

BCMM successfully managed to:

- Finalise and issue an AEL for First National Battery in Buffalo View Road.
- Review the Atmospheric Emission License (AEL) submission from Chevron on the online South African Air Emission Licensing (SAELIP) system and follow up on the application online.
- Formulate the updated Air Quality Management 2015 Annual Report and submit to Province.

- Prepare the departmental presentation for the Provincial Air Quality Management Forum meeting.
- Update the National Department of Environmental Affairs online computerized National Atmospheric Emission Information System (NAEIS) master list of industries in the BCMM area.
- Acknowledge receipt of the AEL Review application from First National Battery – Settlers Way.

T 3.15.7

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The National Environment Management Biodiversity Act, 10 of 2004 and other specific environmental management acts require municipalities to develop strategic environmental planning tools such as the Environmental Management Plan/framework, the Biodiversity Sector Plan and State of the Environment report with management programmes aimed at informing and guiding land use planning and decision-making processes, thereby promoting sustainable biodiversity management.

The metro approved the review the of Integrated Environmental Management Plan and Coastal Management Programme during the 2015/2016 financial year. This is to ensure that the unique environment is conserved and protected for the benefit of the future generations.

Environmental education: all education and awareness-raising activities for environmental, biodiversity and ecosystem protection are performed by the IEMP& SD unit. In an effort to educate and promote awareness of increasing climate change issues and global environmental issues, including deforestation and the effect of the carbon foot print the metro commemorated an Environmental Day with 3 schools which participated viz:

- 1.Lingelethu Secondary School in Phumlani
- 2.Nompumelelo Public School in Duncan Village and
- 3.Noncedo combined School in Ducats

The metro initiated recycling and composting initiatives to schools that participated and donated the following:

1. Recycling bins: To uplift the socio economic impact within the community.
2. Compost tumblers: To assist community schools in gathering kitchen waste in order to form compost which they can then use in their food garden at the school.
3. 5 x trees per school: To assist in providing the communities with clean air and offsetting the carbon footprint.

An amount R300 000 was budgeted under general expenses and utilized for environmental education programme.

Beautification

As part of the rejuvenation of the city scape and to improve the aesthetics of our environment, the following activities were performed

1. Entrances to our towns were beautified through landscaping and planting of shrubs and plants. The beautified entrances include the islands of the Settlers Way Road from the East London Airport, entrances to Mdantsane, King Williams Town and Bhisho.
2. Some of open spaces were targeted for beautification through the planting of di-annual floral displays on the Esplanade at the Eastern Beach area as well as the Batting Bridge picnic area, Anne Bryant Art Gallery, Queens Park and various other parks and islands. Many other open spaces, islands and main thoroughfares i.e North East Expressway, North West Expressway, entrances into Mdantsane, King Williams Town and Bhisho were maintained in a reasonable condition through grass cutting and bush clearing programmes.

In recognition of the important role played by vegetation in mitigating the effects of climate change a number of trees were planted and maintained across Buffalo City.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

The following are the activities conducted during 15/16 financial year

1. Number of square metre for grass maintained in Parks	1 498 385
2. Number of Plants grown and maintained	507 834
3. Number of square metre grass maintained in public open spaces	7 683 583
4. Number of square metre for bush clearing (vegetation maintenance)	985783
5. Flora decorations	68
6. Tree maintenance	2 447
7. Tree stumps ground	9
8. Km's weeding spraying	1 118
9. Litres of Herbicide used	1 593
10. Strandings	
10.1. Dead Strandings	
Cetaceans	5
Birds	8
Seals	2
Other	0
10.2 Live Strandings	
Cetaceans	2
Birds	16
Seals	0
Other(turtle)	1
10.3.Released Strandings	
Cetaceans	0
Birds	0
Seals	0
Other(turtle)	2
11. Environmental Education Guided Tours	35
12. Offsite Exhibitions	5
13. Environmental Education Guided Tours	35
14. Offsite Exhibitions	5
	T 3.16.2

IEMP: Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective: To enhance and protect all environmental assets and natural resources within BCMM									
To enhance and protect all environmental assets and natural resources within BCMM	number of programmes implemented in accordance with the approved climate change strategy	implementation of the programmes	3 programmes	implementation			2 programme implemented	Implementation of the programmes	Implementation
	review of the Integrated Environmental Management Plan and Coastal Management Programme		review of the Integrated Environmental Management Plan and Coastal Management Programme has been approved in 2016				approved review of IEMP&CMP	Implementation	Implementation
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									

T 3.16.3

T 3.16.3

Employees: Bio-Diversity; Landscape and Other					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	172	204	194	10	5%
4 - 6	195	204	178	26	13%
7 - 9	38	43	41	2	5%
10 - 12	16	16	16	0	0%
13 - 15	3	3	3	0	0%
16 - 18	2	3	3	0	0%
19 - 20	1	1	0	1	100%
Total	427	474	435	39	8%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T 3.16.4

Financial Performance 2015/2016: Bio-Diversity; Landscape and Other					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 857	385	385	165	-134%
Expenditure:					
Employees	79 799	81 554	86 365	90 445	10%
Repairs and Maintenance	3 818	4 995	4 995	4 639	-8%
Other	17 197	15 185	14 324	12 545	-21%
Total Operational Expenditure	100 815	101 734	105 684	107 629	5%
Net Operational Expenditure	96 958	101 349	105 299	107 465	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.16.5					

Capital Expenditure 2015/2016: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	–	990	363	100%	
Replacement of Brush Cutters	–	84	84	100%	–
Grass Cutting Equipment	–	906	279	100%	–
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.16.6					

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY, LANDSCAPE AND OTHER OVERALL

The overall performance relating to the IEMP&SD unit has been good and this indicates the signs of improvement. It is important, however, that an integrated approach and involvement of internal and external stakeholders be realised in order to achieve the service delivery targets. The following are the highlights operating projects programmes financial year:

1. From the Approved Integrated Environmental Management and Coastal Management Plans an amount of R182 591 from own funds was rolled over from the previous financial year and an amount of R46 777 was utilised to finalise these plans. The remaining amount was declared as savings.

2. Upgrading of Coastal Nature Reserves : An amount of 4 450 000 was budgeted for this project, during the budget adjustment only R1000 000 was available and R 730 812 was utilised. The funding was utilized to acquire 2 x Education Bomas, Sidewalks at Nahoon Point Project, placing of Water tanks, and construction of a roof at Nahoon Point Reserve.
3. Replacement of Bush Cutters: Seven (7) trimmers purchased and replaced. Budgeted amount of R84 000 was fully utilised
4. Grass cutting Equipment: 6x industrial lawnmowers have been delivered in October 2015. An informal tender is still to be awarded for 10 trimmers and 4 bush cutters. An amount of R906 609 was made available during the midyear adjustment and expenditure was R 278 91
5. Plant and Equipment for the Aquarium: Boat Motor fitted by the service provider. Water Testing Equipment functionality and HDI report was submitted and awaiting order from Supply Chain Management. R300 00 was budgeted for and R180 035 was utilised.

T 3.16.7

COMPONENT F: HEALTH

INTRODUCTION TO HEALTH

Note: Recent legislation includes the National Health Act 2004.

Since 1 July 2012, the functions of Primary Health Care (Clinics) & Health Support (ATTIC) were under the Eastern Cape Provincial Administration and the functions was taken over by the Eastern Cape Department of Health. The Environmental Health Department, now designated as the Buffalo City Municipal Health Services, is therefore the only core function of the BCMM Health Services Department.

T 3.17

3.17 CLINICS

Disclaimer: Table 3.17.1 to Table 3.17.7 will not be reported on due to the functions being performed by the Province of the Eastern Cape – Department of Health.

3.18 AMBULANCE SERVICES

Disclaimer: Table 3.18.1 to Table 3.18.7 will not be reported on due to the functions being performed by the Province of the Eastern Cape – Department of Health.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Buffalo City Metropolitan Municipality Environmental Health By-laws are set to be amended by the introduction of the SALGA Draft Municipal Health Services By-Laws 2015 which all Municipalities will have to implement once finalised.

A Municipality's prerogative is to ensure the Constitutional right of every person to an

environment that is not harmful to his or her health or well-being, and the principles that underline the National Health Act, 2003 (Act 61 of 2003) as amended and the National Environmental Management Act, 1998 (Act 107 of 1998) as amended, adopts the new by-laws with the purpose that these by-laws will enable the Municipality to set minimum environmental health standards to prevent diseases, prolong life, protect and promote the long-term health and well-being of all people in the Municipal area by:

- Providing, in conjunction with other applicable laws, an effective legal and administrative framework within which the municipality can develop and manage its Municipal Health Services obligations by:
- Managing and regulating activities that have the potential to impact adversely on public health; and
- Requiring premises to be properly maintained and managed; and
- Defining the rights and obligations of the Municipality and the public in relation to this purpose.

The top 3 service delivery priorities for the year under review for the department were:

- Number of food samples tested and analysed
- Number of water samples tested and analysed
- Enforcement of by-laws – hawkers in terms of food preparation/storage/selling & compliance

During the year under review the Municipal Services Health Dept successfully managed to meet its targets in terms of the above:

- 914 food samples were taken, tested and analysed at the laboratories and those vendors/service providers who were not in compliance were issued with non-compliance notices and were re-inspected for compliance
- 439 water samples were taken, tested and analysed at the municipal laboratories and notices of non-compliance issued on those not complying with follow up inspections conducted to ensure compliance
- 3 Operation Fiela were successfully conducted

The Municipal Health Services Department focused on all areas of competency. During the year under review, SAPS implemented a National Law Enforcement operation called “Operation Field” which focused on intense visible policing. BCMM Health Department, together with SAPS and other role players, focused on enforcing health by-laws in

particular food selling/handling hawkers. During the months of January and February 2016, a total of 56 hawkers were inspected and a total of 340 kg of raw meat (offal & heads) were condemned and confiscated, one and a half tons of wooden pellets were confiscated and 5 bags of fake clothing confiscated.

The department also undertook inspections and food samples at various supermarkets, butcheries, spaza shops and caterers, to ensure compliance.

The Braelynn Community experienced a major mosquito infestation and outbreak during the summer period as well as a terrible stench emanating from the stream which runs through the Braelynn suburb. The Municipal Health Services Department conducted regular inspections and interacted with the community to find the source of the breeding and infestation. The stream running through the suburb was identified as the source due partly to raw effluent flowing into the stream from the blocked Stoney Drift sewer. The Municipal Health Services Department conducted weekly inspections and sprayed the areas identified as problematic.

Educational information and pamphlets were distributed to the communities on how to maintain and manage their pools to avoid mosquito breeding areas.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION

In the year under review the Municipal Health Services Department also undertook the following operational functions:

- 4 795 food establishments were monitored and inspected
- 497 paupers buried
- 599 health promotion activities conducted
- 567 day care centres monitored
- 340 kg raw meat (offal & heads) confiscated
- 56 hawkers inspected in terms of health by-laws

T 3.19.2

Health Inspection Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2015/2016		2016/2017			2017/2018	2018/2019	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
<i>Number of projects implemented in line with the Municipal Health Services Plan</i>	Food samples taken	600	617	2 (Food Sampling and Water Sampling Quality project)	600	452	N/A	N/A	N/A
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.19.3

T 3.19.3

Employees: Health Inspection					
Job Level	2014/2015	2015/2016			
	Employees No	Posts No	Employees No	Vacancies No	Vacancies %
0-3	13	13	11	2	15
4-6	5	7	7	0	0
7-9	9	6	6	0	0
10-12	24	24	23	1	4
13-15	6	6	5	1	17
16-18	1	1	1	0	0
19-20	0	2	0	2	100
Total	58	59	53	6	10
					T 3.19.4

Financial Performance 2015/2016: Health Inspection					
					R'000
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 029	2 542	2 542	428	-494%
Expenditure:					
Employees	23 084	24 308	28 614	27 214	11%
Repairs and Maintenance	95	835	535	144	-479%
Other	5 499	5 455	4 876	3 567	-53%
Total Operational Expenditure	28 678	30 598	34 025	30 925	1%
Net Operational Expenditure	27 649	28 056	31 482	30 498	8%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.19.5

Capital Expenditure 2015/2016: Health Inspection					
					R' 000
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	950	950	19	-4785%	
Air Monitoring Station	500	500	19	-2471%	-
Vehicles	450	450	-	0%	-
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.19.6

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS OVERALL:

The department had 1 capital project – Procurement of Vehicles totaling R450 000 for health inspections during the year under review, however the R450 000 was not spent due to internal challenges experienced.

The 5 year IDP targets are Number of priority projects implemented in line with Municipal Health Services Plan, Funding for these projects is being addressed in the 2016/2017 & 2017/2018 financial years.

During the period under review the Health Department performed well in terms of meeting its operational targets most notable being the raids and inspections undertaken during “Operation Fiela”, sampling and testing of food & water samples for compliance.

Challenges encountered were addressed which saw the awarding of tenders for the pest control insecticide chemicals and informal tender for the pauper burials.

T 3.19.7

COMPONENT G: SAFETY AND SECURITY

INTRODUCTION TO SAFETY & SECURITY

“In 2030, people living in South Africa feel safe at home, at school and at work, and they enjoy a community life free of fear. Women walk freely in the streets and children play safely outside....”

South Africa’s National Development Plan 2030 offers a vision for what it should mean to live in safe communities. It is a vision for which we as a nation must strive. Yet, despite the many good policies and strategies we have in the country, and the many ground-breaking government and community-led safety initiatives, the gap between this vision and the reality for most people in South Africa is, unfortunately a wide one. Arguably, the sense of lack of safety and fear is most acutely felt in our cities and urban centres, where

violence, crime, non-adherence to traffic regulations and by-law transgressions are more widely concentrated.

Crime remains a critical issue in BCMM, in terms of its impact on the quality of life of residents and on economic growth. Whilst crime remains a serious issue within the Metro, Traffic, Law Enforcement, Fire & Rescue Services & Disaster Management together with SAPS, Home Affairs and other Municipal Departments are undertaking numerous strategies and collaborative efforts in which to combat crime, most notable being the Operation Fiela where operational raids were undertaken in Mdantsane and East London over a specific period which successfully saw 52 businesses being inspected of which 20 were closed and 32 applied for trade licenses in order to be compliant.

Criminal behaviour especially in the Central Business Districts and other major economic/business areas has mainly been theft, robbery, smash and grab, snatch and run, drunk and disorderly behavior and resultant crime from this behaviour and illegal street trading.

BCMM is in the planning phase of the rollout of CCTV in the East London CBD area, KWT CBD area and various municipal installations. CCTV Cameras have proven to be an effective deterrent for crime-related incidents. The City has also started major renovations to its CCTV Control Centre in order to accommodate the City's increasing CCTV Network Surveillance.

In order to position BCMM as a safe and secure City, BCMM set out to achieve its objective of keeping the city and its citizens safe and secure, free from violence, crime and anti-social behaviour and the enforcement of law and order through the following key programmes:

- Reduce accident rate at high frequency accident locations by 10%
- Establish Community Safety Forums
- Implement and roll out CCTV in the CBD areas and municipal installations
- Adhere to SANS requirement of responding to fires within legislated time frames for the various areas
- Establish an Events Safety Technical Task Team

BCMM, together with the appointed service provider, managed to increase the collection of traffic fines, thus seeing an increase in revenue of 30 % from R 4 544 352,20 in the 2014/2015 financial year to R6 453 558,97 in the 2015/2016 financial year. BCMM Electricity Department, in association with the Law Enforcement Department, managed to disconnect and prevent 53 554 illegal electricity connections and prevented 221 illegal occupations of land by squatters. The Fire Department attended to 2 469 fire calls and conducted 5 435 fire safety services whilst the Disaster Management Department assisted 1 989 people with disaster relief and attended 269 event safety planning meetings.

T 3.20

3.20 POLICE

CANNOT REPORT ON METRO POLICE AS THE FUNCTION HAS NOT YET BEEN ESTABLISHED

INTRODUCTION TO POLICE

The process of Establishing Metro Police within BCMM has not yet been completed. The Institution is still undergoing and completing internal processes.

Since Metro Police has not yet been established, BCMM will still be reporting as Traffic Services and Law Enforcement Services separately.

PART A: INTRODUCTION TO TRAFFIC SERVICES

For the Buffalo City Metropolitan Municipality, creating a safe city in terms of Traffic Services involves far more than merely responding to traffic-related incidents. Traffic safety extends beyond the law enforcement function, but rather includes positive action across the full spectrum of services and challenges facing the residents of BCMM.

In this regard, our officers have been extremely busy in the year under review conducting 442 safety and training awareness campaigns at the various crèches, pre-schools and schools across the city. They also assisted at 906 events and special events to ensure the smooth flow of traffic, and most commendable of all, our officers have gone the extra mile by assisting with the numerous service delivery protests by ensuring that roads were cleared of all debris, fires and dangerous hazards, thus ensuring that residents were not unduly affected.



The Traffic Services team covers the majority of the BCMM area of jurisdiction, albeit in limited capacity. Traffic Enforcement and Policing are visible in the major urban areas concentrating mainly in the East London CBD, Vincent, Beacon Bay, Berea and Gonubie, King William's Town CBD and Mdantsane Highway Taxi Rank. These are the major routes where the city's many taxis converge on a daily basis and they require constant and regular policing.

The high rate of vehicle accidents on the City's roads continues to claim countless lives and to place a heavy burden on emergency services resources. The Department's objectives are to reduce the vehicle accident rate on the City's roads by ensuring that resources are directed towards: national road safety strategies, including the Arrive Alive campaign; a no-nonsense approach towards the general disregard for traffic rules and regulations especially by taxis; speed limit enforcement to be expanded, especially in high frequency accident locations and pedestrian risk areas; the assignment of speed cameras based on the most problematic accident locations; and increased visibility through peak hour patrols and regular roadblocks across the City to determine both driver and vehicle fitness.

T 3.20.1 - A

Traffic Service Data					
Details		2014/2015	2015/2016		2016/2017
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	2690	2421	2659	
2	Number of by-law infringements attended				
3	Number of traffic officers in the field on an average day	89	103	95	103
4	Number of traffic officers on duty on an average day	89	103	95	103
T 3.20.2 - A					

Traffic & Law Enforcement Services Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
To ensure a safe and secure environment within BCMM	% reduction in number of accidents in high collision areas	10% reduction in year -1	2690	2690	2421	2659	10% reduction	10% reduction	10% reduction
Number of Community Safety Forums established		1	0	3	3	0	3	3	3
Number of Closed Circuit Television systems installed		1	0	2	1	0	4	4	
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicators for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									
T 3.20.3 - A and B									

Employees: Traffic Officers					
Job Level	2014/2015	2015/2016			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Commander Traffic & Regional Commanders	3	3	2	1	33.30%
Other Traffic Officers					
0 - 3	0	0	0	0	0
(Traffic Wardens)'4 - 6	20	22	20	2	9%
7-9	63	84	79	5	6%
10-12	18	20	18	2	10%
13 - 15	3	3	3	0	0%
16 - 18	2	2	1	1	50%
19 - 20	1	1	1	0	0%
Total	110	135	124	11	8%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.20.4 - A

Financial Performance 2015/16: Traffic Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	51 762	83 028	63 971	44 379	-87%
Expenditure:					
Employees	64 271	76 495	78 649	71 811	-7%
Repairs and Maintenance	1 376	2 095	2 045	1 653	-27%
Other	15 658	16 269	10 239	7 581	-115%
Total Operational Expenditure	81 306	94 859	90 933	81 045	-17%
Net Operational Expenditure	29 544	11 831	26 961	36 666	68%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.20.5 - A

Capital Expenditure 2015/2016: Traffic Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8 000	2 791	470	-1601%	
Replacement of Vehicles	–	145	–	0%	145
KWT Traffic Building	6 000	119	105	-5638%	500
Vehicle Test Station Equipment	1 000	1 000	–	0%	1 000
Learners Licence Centre - Mdantsane	–	308	221	100%	308
Traffic Enforcement Equipment	500	500	3	-18235%	500
Equipment for Traffic services	–	100	22	100%	100
Traffic Services East London - Generator / Solar System	500	500	3	-16285%	500
Mdantsane Testing Station c/o	–	118	117	100%	118
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T 3.20.6 - A

PART B: INTRODUCTION TO LAW ENFORCEMENT SERVICES

BCMM Law Enforcement Services' primary function is to ensure that the City and its citizens are protected, safe and secure, free from anti-social behaviour such as public drunkenness and drinking, excessive noise and disturbances, by-law transgressions, illegal electricity connections, theft and other offences that have a negative impact on the quality of life of BCMM residents and visitors.

The secondary function is to protect municipal employees and assets.

The BCMM Law Enforcement Department operates from its main centre situated at Tudor Rose Road in the Braelynn residential suburb. The department is currently led by a Commander Law Enforcement Services and consists of one Senior Superintendent, two Superintendents, 6 Sergeants & 60 Constables of whom 11 are new recruits who are currently undergoing training. The Institution underwent a restructuring process which saw the integration and migration of the 386 security guards from the various Directorates falling under the scope of the Law Enforcement Services Department where these security guards are now permanently employed.

T 3.20.1 - B

Law Enforcement Service Data					
	Details	2014/2015	2015/2016		2016/2017
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	2690	2421	5659	
2	Number of by-law infringements attended	35970		70851	
3	Number of law enforcement officers in the field on an average day	32		50	
4	Number of law enforcement officers on duty on an average day	32		48	
T 3.20.2 - B					

For T3.20.3 –B see T3.20.3 –A and B

Employees: Law Enforcement Officers					
Job Level	2014/2015	2015/2016			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Commander Traffic & Regional Commanders	2	2	1	1	50.00%
Other Law Enforcement Officers					
0 - 3	216	212	7	205	97%
4 - 6	99	99	94	5	5%
7 - 9	85	84	79	5	6%
10 - 12	19	20	18	2	10%
13 - 15	3	3	3	0	0%
16 - 18	2	2	1	1	50%
19 - 20	1	1	1	0	0%
Total	427	423	204	219	52%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					
T 3.20.4 - B					

Financial Performance 2015/16: Law Enforcement					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	18	19	19	36	46%
Expenditure:					
Police Officers	0	0	0	0	0%
Other employees	73 174	59 492	86 552	94 116	37%
Repairs and Maintenance	406	472	572	449	-5%
Other	2 456	2 932	3 332	2 443	-20%
Total Operational Expenditure	76 035	62 896	90 455	97 009	35%
Net Operational Expenditure	76 018	62 877	90 436	96 973	35%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.20.5 - B					

Capital Expenditure 2015/2016: Law Enforcement					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3,700	3,987	384	-865%	
CCTV Cameras for Cash Offices c/o	1,500	1,500	–	0%	1,500
Upgrading of Existing CCTV Control Room	–	300	277	0%	300
Closed Circuit Television Network - CCTV	2,000	1,887	106	0%	1,887
Law Enforcement Equipment	200	200	–	0%	200
Law Enforcement Equipment c/o	–	100	–	0%	100
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.20.6 - B

A. COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES OVERALL:

During the year under review, the Institution faced numerous challenges with processes and procedures which resulted in many of the capital projects not being finalized. Of the R3 026 659 budget allocated to capital projects, R484 821 was spent.

The King William's Traffic Centre USDG funded project, totaling R18 000 000 is a priority for the department as this will ensure that service delivery in the Inland region will be centralized and thus a comprehensive package of services will be offered to the residents in this area as well as in the surrounding areas. The project is currently going through the standard internal processes and will see the construction phase starting in the 2016/2017 financial year.

BCMM entered into a contractual agreement for a three-year period with a service provider to assist the department in collecting traffic fines as well as outstanding traffic fines. For the year under review, the department has successfully managed to increase the collection rate by 30% from R4 544 352 in 2014/2015 to R6 453 558 during the year under review. BCMM Traffic Dept undertook numerous roadblocks which saw the successful implementation of collecting outstanding fines at these roadblocks.



The Traffic Services Department, in trying to build a culture of compliance on our roads enforced visible policing especially on the main roads and high frequency accident roads; namely Ziphunzana Bypass, Mdantsane Access Road, Qumza Highway, Oxford Street, Amalinda Main Road, Settlers Way, North East Express Way/Fitzpatrick, Maitland Road, Breidbach Junction, Alexandra Road, Buffalo Road (King William's Town area) as well as the Dimbaza/ Alice Junction and focused its operations on speed limit enforcement and

drunk driving, 467 special operations took place to this effect, resulting in 785 drivers being arrested for driving under the influence of alcohol.

The various Licensing Sections situated in East London, Gonubie, King William's Town and Mdantsane have seen a marked increase in the number of learners' sitting to write their learners tests. A record number, 16 746 learners sat in the year under review to write their learners' license tests, of whom 11 100 passed and 5 682 failed.

159 223 vehicles were registered and licensed at BCMM on behalf of the Department of Transport.

5 580 drivers were tested for drivers' licenses, of whom 2 174 passed and 4 988 failed.

1 252 vehicles were tested for roadworthiness.

442 road safety awareness campaigns were conducted.



A total of 84 215 citations were issued in terms of traffic fines to offenders for various infringements transgression ranging from parking on loading bay signs, parking on sidewalks, motor vehicle licenses expired, drivers without a valid driver's license and other traffic related transgressions.

1 320 vehicles were suspended from use in terms of section 44.

406 hawker's licenses were issued and 41 dog licenses were issued.

T 3.20.7 - A

B. COMMENT ON THE PERFORMANCE OF LAW ENFORCEMENT SERVICES OVERALL:

During the period under review, criminal activity in the CBD area of East London escalated to the killing of homeless people which occurred mainly at night. Although the core function of policing this type of crime remains with SAPS, the City has an important role to play with regard to deterring and preventing criminal behaviour of this nature from taking place, hence the much anticipated rollout of CCTV Surveillance Cameras in the EL CBD which will assist in determine these types of criminal behaviour from occurring in the future. The roll-out of CCTV Cameras is expected to occur in the 2016/2017 financial year.

The City also focused on securing funding to implement a Coastal Crime Protection Unit which will greatly enhance crime prevention efforts especially along the Western Seaboard where criminal behaviour has been on the increase. Through collaborative efforts of BCMM, National Department of Public Works and the National Department of Military Veterans Association, the City has been granted R2 469 600 in the 2016/2017 financial year through the EPWP Programme to ensure the successful implementation of this project.

During the year under review, the capital budget for Law Enforcement Services, totalling R4 086 932 was not utilised owing to many internal challenges which hampered the successful rollout of these projects, including the much anticipated operational CCTV Surveillance Cameras on the Esplanade.

CCTV Surveillance is seen as a major deterrent measure to crime and it is this deterrent effect that is thought will contribute to the increase in the sense of community safety.

Despite the many challenges, BCMM managed to successfully undertake the following operational activities:

By-Law Enforcements: Total 1 947

45 beggars were taken off the city's busy streets;

34 actions were taken against bush destruction;

147 illegal car washers were prosecuted in terms of section 341;
68 incidents of gambling prosecuted;
922 goods were confiscated from hawkers;
209 hawker's' licences were checked and 69 hawkers were prosecuted;
343 actions were taken against illegal dumping perpetrators;
15 incidents of noise disturbances were investigated and action was taken.

Other Actions: Total 68 904

1 760 actions against vendors dealing in liquor without licences
53 554 illegal electricity cut off actions undertaken
9 270 pamphlets confiscated
22 picketing and protest marches approved
221 illegal squatters evicted and material confiscated
192 taverns/shebeens licenses checked
1 320 incidents of theft of municipal property investigated
790 vagrants taken off the streets



T 3.20.7 - B

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

BCMM Fire & Rescue Services is the seventh largest in the country and is mainly located within the urban areas and townships. The City has recently completed the construction of the King William's Town Fire Station which will offer the residents of the inland area a comprehensive package of Fire and Rescue Services.

The services rendered to BCMM communities include the provision of Fire and Rescue services, fire safety inspections, internal and external (public) training and risk assessments. Fire and Rescue Services response times are governed by the South African National Standards (SANS) Code 10090 – Community Protection Against Fire.

The Fire and Rescue Services Department is manned by the Chief Fire Officer, two Deputy Chief Fire Officers, five Divisional Commanders (three positions are vacant), eight Station Commanders, (one post is vacant), twenty six Senior Fire Fighters, (six are vacant), twenty-one Platoon Commanders and ninety Fire Fighters. The department has recently employed five trainee fire fighters to enhance its staff capacity in terms of delivering effective and efficient fire and rescue services to the increased jurisdictional area of BCMM.

The top service delivery priorities for the Fire & Rescue Services for the year under review were:

- Number of specialised fire fighting vehicles procured
- Response times to fire incidents in line with SANS requirements

Capital budget was provided for under the year under review for the procurement of fire engines totalling R5 442 926 & R1 857 139 for fire equipment.

T 3.21.1

Metropolitan Fire Service Data					
	Details	2014/2015	2015/2016		2016/2017
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	1830		2469	
2	Total of other incidents attended in the year	102		100	
3	Average turnout time - urban areas	12 min		14 min	
4	Average turnout time - rural areas	25 min		25 min	
5	Fire fighters in post at year end	128		148	
6	Total fire appliances at year end	24		26	
7	Average number of appliance off the road during the year	5		3	
<i>T 3.21.2</i>					

Fire Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2014/2015		2015/2016			2016/2017	2017/2018	
Service Indicators		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year (viii)	*Current Year (ix)	*Following Year (x)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)			
Service Objective xxx									
Turnout time compared to National guidelines	Response time to fire incidents in line with SANS requirement	3 min (high risk)	75%	3 min (high risk)	3 min (high risk)	23 out of 60 calls were responded to within the 3 minutes	3 min (high risk)	3 min (high risk)	
		14 min (medium risk)	75%	14 min (medium risk)	14 min (medium risk)	70 out of 115 calls were responded to within the 15 minutes	14 min (medium risk)	14 min (medium risk)	
		25 min (low risk)	75%	25 min (low risk)	25 min (low risk)	880 out of 1 900 calls were responded to within the 25 minutes	25 min (low risk)	25 min (low risk)	

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.21.3

Employees: Fire Services					
Job Level	2014/2015	2015/2016			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	10	11	11	0	0%
4 - 6	100	107	102	5	5%
7 - 9	42	53	46	7	13%
10 - 12	9	12	11	1	8%
13 - 15	6	7	4	3	43%
16 - 18	1	1	1	0	0%
19 - 20	1	1	1	0	0%
Total	169	192	176	16	8%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.21.4

Financial Performance 2015/16: Fire Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	73 402	77 838	77 838	82 152	5%
Expenditure:					
Employees	48 361	62 247	62 421	63 603	2%
Repairs and Maintenance	1 144	2 505	2 055	1 629	-54%
Other	21 777	27 386	22 824	19 753	-39%
Total Operational Expenditure	71 282	92 138	87 300	84 984	-8%
Net Operational Expenditure	(2 119)	14 301	9 463	2 832	-405%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.21.5

Capital Expenditure 2015/16: Fire Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9 000	7 700	3 937	-129%	
Upgrade CCTV Control Room at Fire Station	400	400	–	0%	400
Fire Engine	7 600	600	422	-1699%	600
Fire Engine c/o	–	3 111	3 111	100%	3 111
Replacement of 2x Bush Fire engines	–	532	–	0%	532
Replacement of Vehicles	–	1 200	–	0%	1 200
Fire Equipment	1 000	1 000	34	-2812%	1 000
Fire Equipment c/o	–	857	369	0%	857

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The City's emergency response target to fire related incidents is set at 3 minutes in high risk areas, 14 minutes in medium risk areas and 25 minutes in low risk areas, according to the SANS 10090 guidelines.

During the year under review, the City has responded to fire-related incidents as indicated below:

High Risk Areas – 23 out of 60 calls were responded to within the 3 minutes

Medium Risk Areas – 70 out of 115 calls were responded to within the 15 minutes

Low Risk Areas – 880 out of 1 900 calls were responded to within the 25 minutes.



Out of a total of 2 075 calls received by the City Call Centre at the Fire Department, only 973 were responded to within the stipulated SANS guidelines. The City did not do well in terms of response times to fire-related incidents owing to challenges encountered with radio repeater sites not operational in Fort Jackson and the down time of fire engines.

Of the R5 442 926 capital budget allocated to the Fire & Rescue Services Dept, R3 965 947 was spent at the end of June 2016. The department experienced major challenges due to poor planning and ineffective internal processes which hampered the

procurement of a major fire engine, two bush fire engines, water tankers and other fire related equipment.

Fires in the informal settlements remain an area of concern for the City. During the 2015/2016 financial year, the City responded to 683 fires in informal settlements. A major concern is adequate access to fires deep within the informal settlements due to poor infrastructure such as roads, fire hydrants and effective lighting.

That being said, the Fire and Rescue Services Department managed to perform the following operational activities:

Responded to 77 motor vehicle accidents, 11 fuel spillages and 1 bomb threat. Conducted 2 598 various fire compliance inspections, 344 fire hydrant inspections and 1 101 industrial and commercial fire compliance inspections.

Undertook 577 buildings plan inspections, approved 641 trade license applications, 174 safety awareness campaigns/lectures/demonstrations and 23 internal training sessions and 77 external training sessions.

T 3.21.7

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Buffalo City Metropolitan Municipality – Disaster Management Department provides a range of emergency services aimed at reducing and preventing disasters. The City has taken a proactive approach to preventing and mitigating disasters, rather than simply responding to them.

The top service delivery priority for the Disaster Management Department was:

- Number of Disaster Management Structures initiated/established

The department had no capital or operating budget allocated for the year under review.

The successful implementation of the Disaster Risk Management Framework Plan approved by Council has contributed towards the gradual shift from reactive to preventative. The plan facilitates a multi-agency and multi-disciplinary approach and co-ordination in addressing disasters and managing post-disaster response and recovery.

The City now needs to develop a Disaster Risk Management Policy and Disaster Relief Policy to ensure its co-ordinated implementation.

Animal Licencing is a function of the Traffic Services Department and control of public nuisances is the function of Law Enforcement Services and the Health Department.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The following relief was provided by BCMM Disaster Management Services as follows:

197 informal fires responded to 589 structures and 1 849 affected persons attended to.

Information received from BCMM Councillors relating to loss and damage is forwarded to the South African Social Security Agency, BCMM Human Settlements Department, the Roads and Stormwater Department and the South African Red Cross as appropriate.

The following Disaster Management Forum meetings were held:

Disaster Management Ward Forum Meeting held in October 2015

Post Disaster Technical Task Team Meeting held in November 2015

Event Safety Technical Task Team Workshop held in June 2016

On an operational level Disaster Management attended 13 land use change meetings and provided comment on 228 planning circulations.

Three meetings of the Road Incident Management System were attended.

Four Quarterly South African Search and Rescue meetings were attended.

Attended one Bulk Liquid Forum meeting.

Attended six Executive Safety meetings.

Attended one Paraffin Safety demonstration.
Attended one Provincial Drought meeting.
Attended two meetings with Working on Fire Commercial.
Attended three meetings on Fire Safety.
Presented and participated in 13 emergency planning sessions.
Facilitated and participated in 10 emergency exercises.
Conducted three table top simulations.
Participated in four National Key Point Planning meetings.

PUBLIC EDUCATION, TRAINING AND AWARENESS

Disaster Management staff presented seven information sessions to students and members of the public.
Assistance was provided to 1 849 people who lost 589 structures in 197 informal fires.

RESPONSE

RAIL ACCIDENTS

Two Disaster Management staff responded to a derailment near Hanover.

RESPONSE

AIRCRAFT ACCIDENTS

Four staff members responded to a light aircraft accident at the East London Airport.

EVENT SAFETY

Disaster Management participated in 269 meetings to plan events in the city, 26 more than the previous financial year.

Disaster Management was present in 78 Venue Operation Centre's at events as compared to 61 in the previous financial year, and it conducted 38 inspections to ensure safety compliance.

ANIMAL LICENCING & PUBLIC NUISANCE

41 Dog Licences were issued in the year under review

Total noise complaints investigated 2015/2016 = 28

Noise complaints resolved 2015/2016 = 7

Notices served on offenders = 21

T3.22.2

Disaster Management Objectives taken from IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	2015/2016		2016/2017			2017/2018	2018/2019	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Number of disaster management structures initiated/established		1	1	1	1	0	1	1	

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.22.3

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	3	5	3	2	40%
7 - 9	1	0	0	0	0%
10 - 12	1	3	3	0	0%
13 - 15	0	1	0	1	100%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	6	10	7	3	30%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.22.4

Financial Performance 2015/2016: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc.					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-		-	-	0%
Expenditure:					
Employees	1 812	2 126	2 721	2 202	3%
Repairs and Maintenance	25	50	50	15	-234%
Other	914	1 119	1 223	1 002	-12%
Total Operational Expenditure	2 751	3 295	3 994	3 219	-2%
Net Operational Expenditure	2 751	3 295	3 994	3 219	-2%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.22.5

Capital Expenditure 2015/2016: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc.					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	-	-	-	0%	
	-	-	-	0%	
	-	-	-	0%	

Disaster Management, Animal Licensing and Control, Control of Public Nuisances, etc do not have a capital budget T 3.22.6

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

During the year under review the Disaster Management Department operated with no capital or operating budget. This has resulted in reduced output and limited capacity due to poor infrastructure.

The Disaster Management Centre is currently operating with limited staff capacity which hinders effective operations of the Centre. This said however it must be noted that during the year under review the department still managed to successfully to fulfil the following activities:

(The participation of Disaster Management in various forums is focused on establishing partnerships with various stakeholders on a strategic, tactical and operational level. The following is a summary of these interactions):

Disaster Management participated in a Provincial Technical hearing on the Disaster Management Amendment Bill at the Eastern Cape Legislature.

Disaster Management participated in the Health and Public Safety Strategic Planning session.

The Disaster Management situational analysis in the IDP was reviewed and the strategies, programmes and projects have been realigned accordingly.

8 Meetings were attended in the planning process.

Disaster Management also participated in the following forums:

Provincial IDP review.

Provincial Disaster Management Advisory Forum, 4 meetings.

Amathole Disaster Management Advisory Forum, one meeting.

Metro Growth and Development Strategy, Environmental and Climate Change work stream, three meetings.

The Policy and Research and Statistics Community of Practice.

On a tactical level the following meetings were attended:

Organogram revision, 3 meetings.

Coastal Crime Prevention Unit, 2 meetings.

Electronic Data Management, 2 meetings.

Internal Audit Review of Disaster Management, 2 meetings.

International Strategy for Disaster Reduction Provincial Planning, 1 meeting.

Municipal Public Accounts Committee, 1 meeting.

Oldenburg Workgroup, 1 meeting.

Buffalo City Cluster Joints, 3 meetings.

Border Control Operational Co-ordinating Committee, 4 meetings.

South African Local Government Association Community Services Working Group, 4 meetings.

100 Resilient Cities, 1 meeting.

DISASTER MANAGEMENT FORUMS:

WARD FORUM

A meeting was held in October 2015. The February 2016 meeting was postponed due to poor attendance.

POST DISASTER TECHNICAL TASK TEAM

The meeting scheduled for November 2015 was postponed due to poor attendance.

EVENT SAFETY TECHNICAL TASK TEAM

A productive two day workshop was conducted in June 2016. Disaster Management also participated in an Events Workshop conducted by the Knowledge Management Unit.

SECTOR FORUMS

Disaster Management participated in the following sector forums:

Newlands Local Spatial Development Forum, 2 meetings.

Environment and Climate Change, 8 meetings.

Arterial Road Network Plan, 2 meetings.

Infrastructure backlog, 1 meeting.

GIS Technical Forum, 1 meeting.

EDUCATION, TRAINING AND AWARENESS STAFF

5 Disaster Management staff are currently studying part-time for disaster related qualifications.

Staff also attended 22 information sessions and short courses.

T 3.22.7

COMPONENT H: SPORT AND RECREATION

3.23 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The BCMM Sport development department basically focused to the sport development for the entire BCMM. Currently Youth programmes like Mayor's cup that involves all BCMM wards equally and focused to the under 19s only with sporting codes like soccer, netball, volleyball, table tennis, boxing and rugby sevens. Also from year 16/17 we included disabled teams from our wards like Intellectual impaired, Physical disabled and Deaf. Steve Vukile Tshwete Provincial games are the culmination of the Mayor's cup where we select BCMM teams from all wards to represent BCMM against other Eastern Cape Municipalities.

3 SERVICE DELIVERY PRIORITIES

Mayor's Cup

Steve Vukile Tshwete Provincial games

Work with BCMM Sport Council and Federation to assist in marketing, promote and to give chances to youth from disadvantage areas to play sport.

MEASURES TAKEN TO IMPROVE PERFORMANCE

Work with SALGA for sport development in our wards.

Form partnership with DSRAC to improve sport federation

On the 19 October 2016 we had an engagement meeting with all BCMM sport federation where BCMM lesson to the challenges that federations experiences.

COMMUNITIES THAT ARE LIVING IN POVERTY

BCMM Mayor's Cup are based to all communities that are living in poverty because we are using BCMM ward Councillors and ward committees to select athlete to participate in Mayor's Cup. By doing that we are giving chances to disadvantaged athlete from disadvantaged areas all over Buffalo City Metro to participate in a competitive sport and have a chance to be selected for Provincial tournaments.

T 3.23

SERVICE STATISTICS FOR SPORT AND RECREATION

BCMM Sport Development Office supports DSRAC and SALGA and assisting sport federations in developing sport to the metro. Most youth from disadvantaged areas were not involved in sport as they were not assisted but now the Metro fully assisting the federations to do sport in almost all the BCMM wards.

Stadiums: 212 sports fields was utilized from July 2015 to June 2016.

Swimming Pools: 1 613 951 tickets sold from July 2015 to June 2016.

Aquarium: 24 450 ticket sales and boat registrations from July 2015 to June 2016.

Zoo: 33 711 tickets sold from July 2015 to June 2016.

Beaches 87 683 tickets sold from July 2015 to June 2016.

Resorts: 3 154 caravan park and chalet bookings July 2015 to June 2016.

No. of Parks maintained: 1 498 385

Plants grown and maintained: 507 834

No. of public open spaces: 7 683 583

No. of vegetation maintenance: 985 783

Floral decorations: 68

Tree maintenance: 2 447

Tree stumps ground: 9

Kms weed spraying: 1 118

Litres of Herbicide used: 1 593

T 3.23.1

Sport and Recreation & Amenities Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Provide new amenities and improve infrastructure of existing amenities</i>	Number of sports fields upgraded	6	0	6	2	2	6	2	6
<i>Provide new amenities and improve infrastructure of existing amenities</i>	Number of public swimming pools redeveloped	2	0	2	0	0	2	0	2
<i>Optimize collaboration and participation of various sports development stakeholders</i>	No of sports programmes supported	Sports Development was not centralized prior to FY 15/16 and has only been housed in Executive Support Services since FY 15/16	Sports Development has only been housed in Executive Support Services since FY 15/16	Sports Development has only been housed in Executive Support Services since FY 15/16	5 sports development programs - 3 international and 2 local government based	4 sports development programs - 2 international and 2 local government based	4 sports development programs - 2 international and 2 local government based	5 sports development programs - 3 international and 2 local government based	5 sports development programs - 3 international and 2 local government based
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 2014/2015 Budget/IDP round; *'Current Year' refers to the targets set in the 2015/2016 Budget/IDP round. *'Following Year' refers to the targets set in the 2016/2017 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									
T 3.23.2									

T 3.23.2

Employees: Sport and Recreation					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	186	168	153	15	9%
4 - 6	60	73	69	4	5%
7 - 9	24	41	37	4	10%
10 - 12	8	8	7	1	13%
13 - 15	2	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	281	294	269	25	9%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.23.3

Financial Performance 2015/16: Sport and Recreation					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 486	25 229	7 529	3 780	-567%
Expenditure:					
Employees	57 959	44 825	45 180	54 878	18%
Repairs and Maintenance	4 221	3 304	4 097	3 934	16%
Other	16 609	16 392	18 408	15 386	-7%
Total Operational Expenditure	78 789	64 520	67 684	74 197	13%
Net Operational Expenditure	71 303	39 292	60 156	70 417	44%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.23.4

Capital Expenditure 2015/2016: Sport and Recreation					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	25 700	24 097	17 121	-50%	
Upgrading of Beach Facilities	1 500	2 250	2 000	25%	
Refurbishment of Swimming Pools	2 500	2 500	2 073	-21%	
Plant and Equipment for the Beaches	500	700	384	-30%	
Redevelopment of Mdantsane NU 2 Swimming Pool	7 500	1 523	1 420	-428%	
Upgrading of Waterworld	5 000	2 853	2 532	-97%	
Upgrading of Dimbaza and Zwelitsha Stadium	2 700	–	–	0%	
Upgrading of Dimbaza and Zwelitsha Stadium	–	2 700	553	100%	
Upgrading of Floodlights at Victoria Grounds, Bhisho Stadium, Ginsberg stadium, Sisa Dukashe Stadium, Alfred Schoeman Stadium, North End Stadium, Jan Smuts Stadium, Amalinda Stadium, and Gompo Stadium	3 000	–	–	0%	
Upgrading of Floodlights at Victoria Grounds, Bhisho Stadium, Ginsberg stadium, Sisa Dukashe Stadium, Alfred Schoeman Stadium, North End Stadium, Jan Smuts Stadium, Amalinda Stadium, and Gompo Stadium	–	3 000	2 019	100%	
Fencing of Sports Fields	500	1 737	1 692	70%	
Completion of Upgrading of 2010 Stadium	–	1 309	27	100%	
Upgrading of Phakamisa and Mount Coke Sports Fields	1 500	520	495	-203%	
Upgrading of Phakamisa and Mount Coke Sports Fields	–	1 005	1 005	100%	
Sports Equipment and Structures	1 000	4 000	2 922	66%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.23.5					

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Capital Projects:

Upgrading of Floodlights:

Buffalo City Stadium; North End Stadium; Bunkers Hill Stadium; Sisa Dukashe Stadium; Bishops Stadium; Breidbach Stadium; Buffalo Flats Astro and the Zwelitsha Stadium's floodlights were refurbished.

Fencing of sports fields:

Sisa Dukashe, Bhisho; Scenery Park, Kwalini, North End Stadium and Nompumelelo sports fields were fenced.

Upgrading of Waterworld:

Slides, pools, changerooms, ticket office and staff room painted.

Lighting inside and outside complex completed.

Plumbing completed.

Electricity upgraded.

Railings, gate and perimeter fencing completed.

Ramps to slides completed.

Redevelopment of Mdantsane NU2 Pool:

Perimeter fencing completed.

Lighting inside complex completed.

Substation procured.

Aquarium: Plant and Equipment:

The project could not be completed due to challenges experienced in SCM processes. However, a rollover of funding has been requested and the procurement process is underway.

Upgrading of the Zoo:

Paving Phase 2 completed

Lion platform completed

Refurbishment of kitchen roof completed

Stand-off barriers completed.

Fencing completed.

Upgrading of the Gonubie Resort:

Fencing completed.

Staff change rooms refurbished

Playground equipment installed.

Upgrading of Nature Reserves:

Water tanks were procured

Sidewalks at Nahoon Point were completed.

Upgrading of Beach Facilities:

Bonza Bay lifesavers buildings and ablutions were refurbished.

Eastern Beach lifesaving building and Eastern Beach ablution plumbing refurbished.

Revamp of main office building and supervisor's office completed

- Upgrading of Dimbaza and Zwelitsha Stadium – This project's funding for the 2015/2016 financial year was R2 700 000 of which R398 390 was spent. R4 411 277 has been budgeted for 2016/17
- Relocation of Aquarium: The project's funding for 2015/16 was nil. R1 552 322 has been budgeted for 2016/17
- Upgrading of Resorts: This project's funding for 2015/16 was R5 000 000 of which R1 804 583, was spent. R 2 000 000 has been budgeted for 2016/17
- Upgrading of Zoo: This project's funding was R1 500 000 in the 2015/16 financial year and R205 285 was spent. R750 000 has been budgeted for 2016/17.
- At this stage it is not foreseen that there will be a budget shortfall in year 5.

T 3.23.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

It has remained our priority to improve our capability in delivering services to our communities, through optimal management of our material, human, and financial resources. During this financial we focused on improving our interactions with our communities, and invested substantially on the infrastructure in an attempt to create decent human settlements.

Whereas, we are guided by our Integrated Development Planning as a principal strategic plan over the short to medium term horizon, one of the biggest milestone during this financial year was the development of the Metro Growth and Development Strategy (MGDS) outlining our mission and strategic framework towards our Vision 2030.

Top three service delivery achievements can be isolated during this financial year, linking with our strategic objective of providing sustainable services to our communities.

Amongst others this entails, in the first instance, improving access to clean drinkable water. To-date 222 332 households, accounting for 99% of the households in the Metro, have access to clean water in line with the prescribed standards. The 1% of the water backlog areas are covered by supplying these areas with water tankers. All areas are supplied with water and have access. Bulk projects are underway to provide a piped supply to these areas within the medium term. During this financial year we focused on a number of capital projects aimed at eradicating backlogs as well as ensuring uninterrupted water supply to communities. We expanded our ability to provide potable water to our people through the augmentation of our water treatment capacity, the upgrade of water networks and the replacement of existing bulk water infrastructure. Some of the key projects under this programme included Amahleke Water Supply Project, as well a water infrastructure projects in the West Bank Restitution Settlement, King Williams Town and Bhisho areas. Our water quality remains in line with the national average, having been awarded a Blue Drop rating of 72.79%.

With respect to Sanitation in the second instance, during this financial year, we maintained our Green Drop status through focused augmentation of the capacity of our

treatment plants. We are currently in the process of establishing two regional wastewater treatment works, 1 each in Zwelitsha and Reeston, to the value of R500 million and R300 million, respectively.

Thirdly, during this financial year we have done our best to ensure that roads are maintained to a suitable standard, in spite of having received only 35% of the required funding. We have graveled a total of 140.5km of roadway, surfaced 16.8km and maintained 466km of road and storm-water infrastructure. We are currently implementing the Ward Based Project, through-which 10 volunteers per Ward are assisting with pothole patching and storm-water clearing.

Our focal projects during this term have been, the upgrading of Mdantsane roads, the completion of Fleet Street and Gonubie Main Road, as well as the construction of the Quenera-Beacon Bay Link Road. We have also invested in the rehabilitation of rural roads and the replacement of existing infrastructure.

As a Metro, we have also taken measures to improve our performance through significant investments in our human capital, as well as improving our financial management.

In this financial year, we absorbed at least 315 temporary employees and 369 security guards into full-time positions. We are also in the process of absorbing approximately 42 seasonal workers at Beaches and Pools. Furthermore, 152 interns have been appointed into key areas of our institution, as we seek to build capacity and continuity while providing opportunities for the development of the youth in our Metro.

Furthermore, in respect of the vacant posts of HOD's as reported in the previous annual report, recruitment, selection, and appointment processes for the vacant HOD posts have been completed and we are waiting for the concurrence of the MEC of COGTA with our Council Resolution on the appointments, as per the requirements of the Local Government Regulations, as only then are we will be able to confirm the appointments of the remaining four Heads of Directorates.

In the financial management area, we have improved immensely resulting in our Municipality achieving a credit rating of "A", which signifies a strong cash position in the long term, with minimal exposure to long-term debt. The rating outlook is stable for both the long- and short-term, which is essential as it confirms that the City is able to secure funding in the market place and to repay debt. In the latest annual Municipal Financial

Stability Index (MSFI) conducted by Ratings Africa, Buffalo City Metro was rated as the country's second-most financially stable metropolitan municipality.

We are largely financially self-reliant. Only 22.3% of our budget for the next financial year is expected from recognised intergovernmental transfers. We are also in the enviable position of being able to take on additional long-term loans.

Even though, we have received qualified audits, we are committed on the road to the ultimate clean audit, guided by our Audit Improvement Plan (AIP), through-which we will address the concerns of the Auditor-General.

Key Projects						
R' 000						
Name of Project	2015/2016			Variance: 2015/2016		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	Comments
Integrated City Development Grant	–	5 605	4 908	#DIV/0!	12%	There was a delay in receiving grant approval from the funder (National Treasury). National Treasury demanded motivation for not withdrawing grant as per DORA which affected the expenditure rate.
Extended Public Works Programme (EPWP)	1 149	1 149	1 034	10%	10%	The Extended Public Works Programme (EPWP) project has been 90% completed.
Development and Review of By-Laws	500	1 000	558	-12%	44%	A legal service provider was appointed to generate 2 by-laws, however the appointment was only effected at the end of the financial year, and as such, no expenditure was incurred on the project in the 2015/16 financial year. The expenditure will reflect in the 2016/2017 financial year.
						T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

Service delivery performance statistics in the past year included the following;

Water

- We spend R74 909 065 in the current year, on bulk water services across the Metro.
- Spent an amount of R40 million per annum to implement our Water Conservation and Water Demand Management Strategies.

Electricity

- Electrification of informal settlements resulting in 887 more informal dwellings receiving electricity this financial year

Roads

- Gravelled a total of 140.5km of roadway, surfaced 16.8km and maintained 466km of road and stormwater infrastructure

Traffic

- Added 36 new vehicles to the Traffic fleet,
- 10.3 km of sidewalks in Mdantsane and Scenery Park,
- 850m of guardrails around Amalinda, Zwelitsha and Mdantsane, and
- 65 traffic calming measures around the Metro as a whole.

Housing

- 1300 new low cost houses in Reeston Phase 3
- Delivered 750 top structures and 850 sites have received internal services in Mdantsane's infill areas.
- 360 new low-cost housing units as well as 490 serviced sites have been delivered in the area of Sunny South.
- Spent R139 202 742 on housing projects.

Yellow Plant & Vehicles

- 12 additional refuse compactors, a number of mechanical sweepers, TLBs, tipper Trucks.

T 3.24.2

THE EXECUTIVE AND COUNCIL OBJECTIVES TAKEN FROM IDP									
Service Objectives Service Indicators	Outline Service Targets	Year 2014/2015		2015/2016			2016/2017	2017/2018	
		Target Previous Year	Actual	Target Previous Year	Actual Current Year	Target	Current Year	Target Current Year	Following Year
1. To ensure a safe and secure environment within BCMM	Installation of CCTV	EL CBD Area		KWT CBD Area			Sub-stations, 1. Landfills 2. Municipal Buildings	Sub-stations, 1. Landfills 2. Municipal Buildings	Sub-stations, 1. Landfills 2. Municipal Buildings
2. To provide adequate amenities to serve all BCMM Communities	Redevelop Public Swimming Pools	2	0	Mdantsane NU2 & Waterworld	2	1	Mdantsane NU2 & Waterworld	Mdantsane NU2 & Waterworld	Mdantsane NU2 & Waterworld
3. To improve the quality of human life through provision of decent formal houses	Complete and Allocate Top Structures	1200		1700			1900		3500
4. To ensure an electricity infrastructure service that is inclusive, safe, reliable, efficient, and adequately maintained	Provide a number of dwellings with the basic service of electricity	700		1000			1000		1000
5. Eradication of Water and Sanitation Backlog	Improve access to potable water	98.8% (220 832)	99.0% 221335	99.0% (221 335)	99.4% (222 332)	99.4% (222 332)	99.4% (222 332)	100% (223 568)	100% (223 568)
T 3.24.3									

Employees: The Executive and Council					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	12	15	15	0	0%
4 - 6	42	39	33	6	15%
7 - 9	22	31	26	5	16%
10 - 12	14	17	13	4	24%
13 - 15	4	9	5	4	44%
16 - 18	2	13	11	2	15%
19 - 20	1	2	2	0	0%
Total	97	126	105	21	17%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.24.4					

Financial Performance 2015/2016: The Executive and Council					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36 645	131	26 387	23 058	99%
Expenditure:					
Employees	75 378	103 039	126 824	116 687	12%
Repairs and Maintenance	233	8 292	2 347	1 732	-379%
Other	78 841	72 133	141 384	112 429	36%
Total Operational Expenditure	154 452	183 464	270 555	230 847	21%
Net Operational Expenditure	117 808	183 332	244 168	207 789	12%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.24.5					

Capital Expenditure 2015/2016: The Executive and Council					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	6 200	4 898	2 222	-179%	
Office Furniture and Equipment (City Hall) (FURN/OFF EQUIP - ACQUISTIONS)	2 000	2 000	987	-103%	2 000
Councillor's Office Accommodation (BUILD - ACQUISITIONS)	3 000	–	–	0%	–
Office Furniture and Equipment (Councillors)	–	1 120	1 121	100%	1 120
Office Furniture and Equipment (Directorate)	–	120	114	100%	120
Service Delivery Public Participation Truck with full Sound System (TRANSPORT - ACQUISITIONS)	1 200	1 200	0	-504102%	1 200
Fencing of Garcia Flats	–	459	–	0%	459
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.24.6					

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

During this term of council the Metro as a Level 1 accredited developer has made substantial growth with regards to Human Settlements. 5378 Top Structures and 4412 Serviced Sites have been delivered during this term. As part of informal settlement upgrading the Metro continues with the construction of top structures for:

1. Reeston (Phase 3, stage 3) = 1137 units
2. Mdantsane Cluster 1 = 1459 units
3. Mdantsane Cluster 2 = 908 units
4. Cluster 3 (Fynbos and Ndancama) = 1397 units.

The Directorate is funded by both Urban Settlement Development Grant (USDG) and Human Settlement Development Grant (HSDG). The USDG is used for the installation of internal services under capital expenditure and the HSDG is used for construction of top structure under operating expenditure. The eradication of informal settlements is a national priority which is demonstrating to be challenging to accomplish due to the continued development of informal structures in urban areas which is caused by urbanization. The Directorate is unable to procure new work due to budget constraints on both Capital and Operating. Engagements are ongoing with the Provincial Department of Human Settlements for level 2 accreditation. Likely variations on the budget could only be attributed to unforeseen disputes that could lead to termination of contracts with service providers.

T 3.24.7

The four largest Water Services Capital Projects are target to provide sufficient bulk capacity to allow for both Housing and Commercial Developments within their impacted catchments.

No	Priority Name and Detail	Progress During 2015/2016
1.	Zwelithsa Phase 2 - Upgrade of Wastewater Treatment Works – R 450 Million – Funding allocated within the MTREF	Civil Contractor appointed
2.	Reeston Wastewater Treatment Works Upgrade – R 190 Million – Funding allocated within the MTREF	Civil contract completed
3.	Deviation of the Central Wastewater Treatment Works to the Reeston Wastewater Treatment Works R 450 Million – Finalising loan option – project accommodated within the MTREF	Finalizing loan options
4.	Kei Road Regional Water Scheme – R 400 Million – Funding for implementation within the MTREF still to be secured.	Undertaking design

INTRODUCTION FINANCIAL SERVICES

Revenue Management

During the financial year, a Revenue Enhancement Strategy (RES) was implemented as part of daily operations. Key focus areas in the RES include:

- Updating and correcting billing data for each account holder;
- Enhancing business processes so as to ensure that improvements to existing properties are valued and that billing records are updated accordingly;
- Focus on reducing water and electricity meter interim charges, so that the correct consumption can be billed;
- The timeous resolution of billing-related queries
- The enforcement of debt collection action
- Obtaining customer-related data through new service agreements.

Consolidated Billing

During the financial year, despite the various challenges encountered, municipal bills were produced and sent to customers. Clean-up of customer data was also undertaken, specifically to emailing accounts to customers. The Query Resolution Centre dealt with all billing account queries.

The Billing accounts register was reviewed during the financial year to ensure that all applicable services were charged to the accounts. This also increased revenue due to the Municipality.

Debt Collection

The priorities of the Department were to increase the collection of debt and to reduce the debt book. Due to the continued efforts of the Debt Management Department, BCMM maintained a healthy cash flow during the year. The following highlights are noted:

The following actions were undertaken:

- Communication with customers prior to debt collection action, which included short message services (sms) reminders,
- Telephone reminders and pre-termination notices
- Disconnection and blocking of electricity
- Legal action commencing with letter of demand
- Incentive Scheme Write Offs were implemented

Measures taken to improve performance

Continued Implementation of the Revenue Enhancement Strategy, specifically to enforce the debt collection action.

Continued Implementation of the expanded Debt Management Operations. T 3.25.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2014/2015		2015/2016			2016/2017	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	R 748 585	83%	892 877	892 877	77%	960 736	Not Available
Electricity - B	R 960	89%	1 014	1 014	93%	1 091.47	Not Available
Electricity - C	R 1 065 849	89%	1 127 122	1 127 122	93%	1 213 234.12	Not Available
Water - B	R 30 153	65%	32 036	32 036	66%	34 563.64	Not Available
Water - C	R 400 606	65%	425 632	425 632	66%	459 214.36	Not Available
Sanitation	R 271 347	83%	308 969	308 969	76%	332 141.68	Not Available
Refuse	R 216 578	75%	252 076	252 076	67%	270 981.70	Not Available
Other	R 128 467	105%	149 068	149 068	78%	159 800.90	Not Available
T 3.25.2							

The account value billed for the 2015/2016 financial year was R3,188 billion as reflected in T3.25.2. The collection rate is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues. The table reflects the collection rate per service."

T 3.25.2.1

Financial Service Policy Objectives Taken From IDP									
Service Objectives <									

T 3.25.3

Employees: Financial Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	65	37	28	9	24%
4 - 6	159	411	367	44	11%
7 - 9	149	102	76	26	25%
10 - 12	39	46	37	9	20%
13 - 15	26	9	8	1	11%
16 - 18	25	7	6	1	14%
19 - 20	21	3	3	0	0%
Total	484	615	525	90	15%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.25.4

Financial Performance 2015/2016: Financial Services					
R'000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 753 122	83 502	83 502	87 530	5%
Expenditure:					
Employees	172 443	191 907	191 373	232 979	18%
Repairs and Maintenance	1 949	2 933	3 772	1 378	-113%
Other	377 265	272 118	257 259	236 070	-15%
Total Operational Expenditure	551 658	466 958	452 404	470 427	1%
Net Operational Expenditure	(1 201 464)	383 455	368 902	382 898	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.25.5

Capital Expenditure 2015/2016: Financial Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10,000	10,752	2,034	-392%	
Office Furniture and Equipment (Directorate)	–	432	352	100%	432
Office Furniture and Equipment (Interns)	–	120	102	100%	120
Office Furniture and Equipment (SCM)	–	200	176	100%	200
Asset Replacements - Insurance	10,000	10,000	1,404	0%	10,000

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.25.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 2015/2016			Variance: Current Year 2015/2016	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Westbank Restitution	16 000	5 000	4 922	69%	69%
Bulk Sanitation Provision - Programme	190 000	126 000	102 591	0%	0%
Bulk Water Provision - Programme	51 000	54 500	54 269	-6%	-7%
Upgrading of Mdantsane Roads	60 000	60 000	59 996	0%	0%
Roads Provision - Replacing Existing Infrastructure	80 000	111 631	130 266	0%	0%
* Projects with the highest capital expenditure in Year 2015/2016					
Name of Project - A	Westbank Restitution				
Objective of Project	Restoration of land rights to beneficiaries who were dispossessed of their land rights under racial laws or practices.				
Delays	Project on-going, contractor on site.				
Future Challenges	Housing provision as the beneficiaries demand that houses to be built must be bigger than the RDP houses				
Anticipated citizen benefits	± 2500 beneficiaries				
Name of Project - B	Bulk Sanitation Provision - Programme				
Objective of Project	Provision of bulk sanitation existing and future developments				
Delays	No delays, multiyear programme				
Future Challenges	Additional funding is required				
Anticipated citizen benefits	Entire municipality will benefit				
Name of Project - C	Bulk Water Provision - Programme				
Objective of Project	Provision of bulk water infrastructure for existing and future developments				
Delays	No delays, multiyear programme				
Future Challenges	Additional funding is required				
Anticipated citizen benefits	Entire municipality will benefit				
Name of Project - D	Upgrading of Mdantsane Roads				
Objective of Project	To rehabilitate existing urban roads in Mdantsane				
Delays	None				
Future Challenges	This is an ongoing project aimed at improving the condition of roads infrastructure in Mdantsane. It will be ongoing for a number of years.				
Anticipated citizen benefits	All the residents of Mdantsane				
Name of Project - E	Roads Provision - Replacing Existing Infrastructure				
Objective of Project	To rehabilitate existing urban roads in BCMM				
Delays	None				
Future Challenges	This is an ongoing project aimed at improving the condition of roads infrastructure in BCMM. It will be ongoing for a number of years.				
Anticipated citizen benefits	All the residents of BCMM				

T 3.25.7

INTRODUCTION TO HUMAN RESOURCE SERVICES

During the 2015/2016 financial year, the vacant funded positions were at 791 and a recruitment drive was initiated. The aim of the project was to reduce the vacant funded positions by 50% by June 2016 and the initiative prove successful as the vacant funded positions were reduced by 80% with new appointments at 634 and 207 promotions.

To reduce late submission and non-submission of leave forms, the Employee self-service was rolled out and the remaining Directorate will be implemented during the 2016/2017 financial year.

The organogram was approved by Council on June 2019 and the focus is on the Job description writing.

Disciplinary management is a challenge in that hearings are not being finalised timeously as per the Disciplinary Code. This is caused by a variety of factors inclusive of the unrealistic time-limits specified in the disciplinary code. In order to address this, an Employee Relations Improvement Project was initiated, whereby additional capacity was provided to the Labour Relations Section with a view to finalising all outstanding disciplinary hearings.

The reduction of the 20% vacant post is underway to ensure that all outstanding posts are filled by 30.06.17. Thereafter continuous maintenance due to natural attrition.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

During the 2015/2016 financial year the Municipality had a staff compliment of 5 003 and 100 Councillors. Out of 791 vacant funded as at July 2015, 634 were filled in by June 2016 which translate to 80% of the position filled in.

T 3.26.2

Human Resources Services Policy Objectives Taken From IDP									
Service Objectives service indicators (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	 (iv)	*Previous Year (v)	*Current Year (vi)	 (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objectives									
% Reduction in the disabling of frequency rate	2%	2%	2.38%	2.00%	2.30%	2.48%	2.30%	N/A	N/A
Number of people from employment equity target groups employed in the 3 highest levels of management in compliance with municipality's approved employment equity plan (specific reference to women)	3	2	19	2	3	6	6	N/A	N/A
% of the municipality's budget actually spent on implementing its workplace skills plan	1.8%	1.7%	1.7%	1.7%	1.8%	1.05%	1.8%	N/A	N/A
% of a municipalities capital budget actual spent on capital projects identified to a particular financial year in terms of the municipalities integrated development plan	>90%	>75%	20%	>75%	>90%	58%	>90%	N/A	N/A
T 3.26.3									

Employees: Human Resource Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	14	14	13	1	7%
4 - 6	68	73	63	10	14%
7 - 9	22	36	34	2	6%
10 - 12	25	46	32	14	30%
13 - 15	9	10	6	4	40%
16 - 18	3	7	5	2	29%
19 - 20	2	2	2	0	0%
Total	143	188	155	33	18%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.26.4					

Financial Performance 2015/2016: Human Resource Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 480	8 500	8 500	4 447	-91%
Expenditure:					
Employees	15 437	19 431	19 922	17 417	-12%
Repairs and Maintenance	10	13	13	1	-1206%
Other	17 775	19 809	20 109	14 687	-35%
Total Operational Expenditure	33 223	39 252	40 043	32 105	-22%
Net Operational Expenditure	27 743	30 752	31 543	27 659	-11%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.26.5					

Capital Expenditure 2015/2016: Human Resource Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 600	6 318	2 212	28%	
Office Furniture and Equipment - Directorate		413	196	0%	413
Office Furniture and Equipment and Computers (COMPUTER EQUIP-ACQUISTIONS)	100	100	88	0%	–
Electronic Attendance Control System (COMPUTER EQUIP - ACQUISTIONS)	1 500	3 389	93	0%	–
Office Furniture & Equipment - Job Evaluation Unit		300	28	100%	300
Extensions to Employee Wellness centre		2 116	1 807	0%	2 116
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.26.6</i>

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES

OVERALL:

The following capital projects were implemented during the 2015/2016 financial year:

1. The extension to the wellness centre with a budget of R 2 116 441 with the expenditure of R 1 806 651 translating to 85% variance of the actual budget. The project is 80% completed and it is expected that it will be completed in the 2016/2017. The extensions to the wellness centre are as result of limited space for Employees within the department and the employees who come for consultation at the centre.
2. Electronic Attendance Control System with a budgeted amount of R 1 500 000. The implementation of the first phase of the project is at 90% and will be finalized in the 2016/2017 financial year together with the commencement of the second phase of the project.

3. Infrastructure Skills Development Grant an amount of R 8 400 000 and expenditure of R4 049 651 translating to 48% variance of the total budget. The main purpose of this project is to equip newly graduated students in the field of engineering, valuation and gis in terms of internal and external training. This funding is also used for the payment of the stipends whiles the interns are receiving training.

4. Job evaluation project. This project is for the payment of salaries of Job evaluation staff and the procurement of office furniture and equipment of this office. Out of the budget of R 1 067 000 during the 2015/2016 financial year, R338 831 was spent. This translate to 32% variance of 68% of the actual budget.

T 3.26.7

3.27 INFORMATION MANAGEMENT AND TECHNOLOGY

Introduction to information and communication technology (ICT) services:

The ICT division is responsible for providing information management and technological support within BCMM

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

The ICT unit received 1 680 IT equipment requests in relation to:

- Desktop/Laptops
- Smart Tabs
- Network Access
- Printers/Scanners/Copiers/Fax Machines
- Applications
- Technology
- Cabling
- New network points

ICT further responded to a total of 9 800 incidents, which related to challenges with:

- Network
- Desktop/Laptops
- Electronic Mail
- Applications
- Storage
- Security
- Printers
- Smart Tabs

ICT PROJECTS

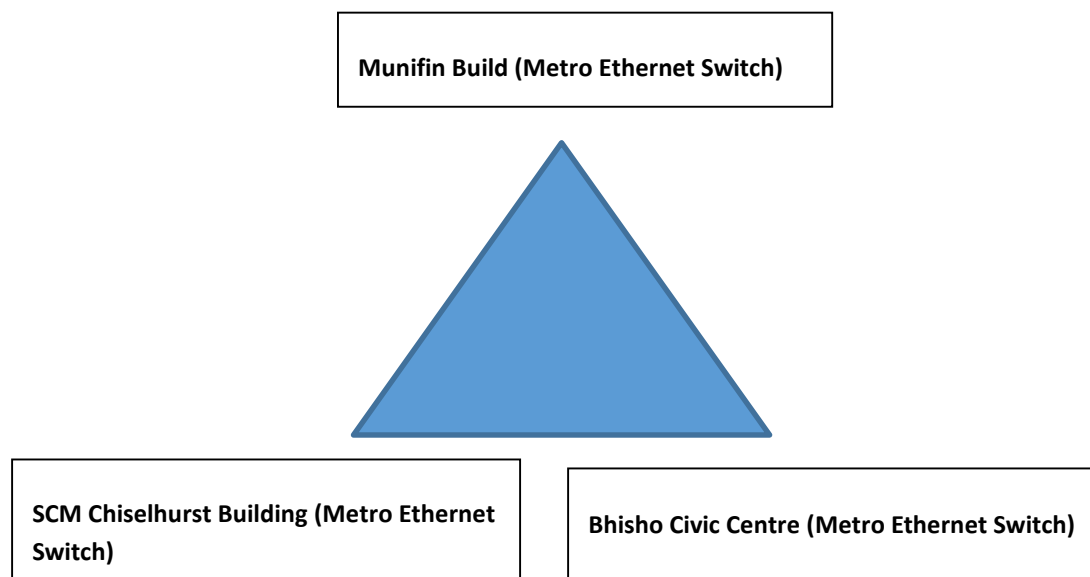
The following ICT projects were undertaken during the period under review:

ICT Infrastructure Network – entails the improvement of the BCMM Network, in order to maintain and stabilize the data network with quality of services, and the upgrade of Wireless Network in order to improve efficiency and to keep abreast of equipment upgrades.

Upgrading Of Network

All equipment that has reached the end of life has been procured to be delivered end of September 2016. The BCM Network will have a Fibre Ring to provide resilience and check redundancy within BCMM spread across follows:

1. Munifin Metro Ethernet
2. SCM Chiselhurst Metro Ethernet
3. Bisho Metro Ethernet



The Metro Ring Network is to create resilience on the Network backbone with the third backup backbone link to utilize the Radio Wireless backbone.

ICT Disaster Recovery - Offsite Data storage for business continuity and ensuring secured BCMM data.

2015-2016

The DR site in ELIDZ was used a storage site due to the SAN storage not being in place.

2016-2017

The DR site is to be tested in Nov 2016 with capabilities of a warm site with capabilities of:

- **Active – Active Mode and certain system on**
- **Active - Passive mode**

Milestone for a fully functional DR

1. The DR test scope has been created with a target date to do DR Test by November. The plan in place is to get the DR Site up and running by October 2016, with the DR Test scheduled for 1st November 2016. The following activities are to take place prior the DR Test :
2. Testing site under revamp scheduled to be completed to accommodate 50 user: completion date end September 2016
3. 50 Desktop machines procured for testing site scheduled to arrive 30 August 2016
4. Commissioning of DR Site Storage Area Network in ELIDZ scheduled for 30 September 2016
5. OMS tool and back-up tool scheduled to be completed by end September 2016

Internal Control

An establishment of a Municipal Standard Chart of Accounts (Mscoa) Infrastructure and Core System Work stream headed by the IT Manager, whose task is to create Data Warehousing Platform and Data Management Layer which will address AG findings and also ensure that ICT is MScoa Compliancy has been initiated. The purpose of the work stream will address the following, but is not limited to only them:

- User access review
- Single sign on platform to have user right and privileges in various system
- To record and provide audit rail of system changes to the server, network and data layer

SITA Microsoft Framework Agreement:

- Microsoft OMS (Security Monitoring Tool for Database, Server and Network security layer)
- Solar Wins (Detailed Network Monitoring Tool)

Enterprise Resource Planning - The Financial System was enhanced with centralized data. The system enables the municipality to function promptly, which will improve the service delivery to the ratepayers. The municipality is able to focus on new business opportunities. This will also assist in improving access to information.

The following **ICT Systems Improvements** were undertaken:

- Supply Chain Management System
- Electronic Fuel Management System
- Debt Management System
- Time Attendance Biometric System

ICT GOVERNANCE:

The governance structures that have been established are:

- CMC,
- ICT Steering Committee,
- Policy Workshops or Roadshows which have been conducted for user awareness of the policies.
- The following policies have been tabled to Council and Top Management and are approved:
 - User account management policy
 - ICT Security Policy
 - ICT Disaster Recovery Policy

INTEGRATED PROPERTY INFORMATION MANAGEMENT SYSTEMS (IPIMS)

- The application has been rolled out throughout the organisation
- Training is currently being conducted for the users of the system
- Once the training is completed, users will utilize the system.

T 3.27.2

ICT Services Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Provision of ICT systems and infrastructure to support internal and external users	Development and approval of ICT Strategy			Draft ICT Strategy	Completed consultation with stakeholders	Council approved 5 year ICT strategy	Council approved 5 year ICT strategy		
Provision of ICT systems and infrastructure to support internal and external users	Fully Operational ICT Disaster Centre			Disaster recovery centre (DRC) (EL IDZ)	Transfer host data to DRC	Disaster recovery centre established	All servers in the DR are up and running. Finalising network routing issue for replication.		
Integrate physical and IT infrastructure to enhance multimodal connectivity					Upgrade network equipment to the following sites, SCM, KWT, Engineering, Old Mutual, Bisho, Fleet Street, Wellness Centre, Gonubie civic, City Hall, HR and central library.	All offices within CBD, Duncan Village, Chiselhurst have a redundancy network connected to both fibre and wireless radio.	Upgrading of network environment and connecting ten buildings to fibre network		
Develop and establish a smart city concept for BCMM	Wifi Install (Internal) and (Public Access)				Procure internal WiFi access points.	Planning and Design completed for WiFi (Internal) and (Public Access)	Commissioning of WiFi (Internal) and (External)		
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									

T 3.27.3

T 3.27.3

Employees: ICT Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	2	2	0	0%
4 - 6	6	4	3	1	25%
7 - 9	7	3	2	1	33%
10 - 12	10	21	19	2	10%
13 - 15	1	3	1	2	67%
16 - 18	0	1	1	0	0%
19 - 20	1	0	0	0	0%
Total	28	34	28	6	18%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T3.27.4

Financial Performance 2015/2016: ICT Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	28 068	-	-	-	0%
Expenditure:					
Employees	11 905	23 639	24 410	23 715	0%
Repairs and Maintenance	4 554	5 714	4 764	3 953	-45%
Other	24 291	53 119	50 273	35 605	-49%
Total Operational Expenditure	40 750	82 472	79 447	63 274	-30%
Net Operational Expenditure	40 722	82 472	79 447	63 274	-30%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.27.5					

Capital Expenditure 2015/2016: ICT Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	20 000	15 280	8 289	-141%	
Security software	-	2 398	-	0%	2 953
IT Systems Integration - (Process Implementation) (SOFTWARE - ACQUISITIONS)	12 000	-	-	0%	-
IT Systems	-	555	-	0%	-
Vending Machines	-	126	93	100%	126
IT Infrastructure Network Upgrade	4 000	5 390	5 390	26%	12 912
Computer Equipment	-	618	605	100%	618
ICT Networks and Communications for Call Centre	500	-	-	0%	1 889
IT Infrastructure Servers	2 000	2 494	467	-328%	2 494
Computer Requirements - Youth Advisory Centres	-	200	55	100%	200
IT Hardware for Call Centre	1 500	-	-	0%	1 500
IT Fibre Installations for SCM, IDZ and Community Services in 2014/2015 (KWT and Bhisho in 2015/2016 and Mdantsane, Reeston, East London Traffic and Mechanical Workshop in 2016/2017)	-	3 500	1 679	100%	3 500
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.27.6					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The following ICT projects were undertaken:

Disaster Recovery Centre - This project is aimed at offsite Data storage for BCMM for business continuity and to ensure secured BCMM data. The first DR site test is scheduled for the 1 November 2016.

Variance on Capex

Budget allocation was R0, as such this defeats the regulation set out by National Treasury to conduct DR Test for every 6 months.

These corrective measures highlighted above are to be dealt with in the following projects which are in the implementation phase and are scheduled to be completed at the end November 2016. They are:

Network Refresher - this project is aimed at replacing all the old network equipment to ensure a reliable network infrastructure.

Variance on Capex

Budget allocation was R12 Million which could not address the Network Upgrade project. The difference to upgrade 60% of the Network environment amounted to R35 Mil and a shortfall of that was borrowed from Engineering to do this exercise.

Fiber Roll out - this project is aimed at installing fiber network to ensure a reliable and resilient network infrastructure.

Variance on Capex

Budget allocation was R5.5 Million which could not address the rollout of 30 km fiber rollout for the targeted year. The amount budgeted could only do 4km and the remainder of 26 km difference a submission for mid-year term adjustment of R30 Mil has been submitted subject to approval.

SITA Microsoft Framework

- this project is for the procurement of the Master Data Management Layer, whose purpose is to address the audit findings in improved internal controls and change management thereby ensuring Data Governance and Data Policy is in place
- ICT tools and services to improve ICT Monitoring across Network, Data and Application environment.

Variance on Opex

Budget allocation was R6.5 Million which could not address the areas mentioned above. Thus the MDM Layer requires R12 Mil to assist in system integration, data cleansing and Data Management. The ICT tools amounts to R15 Mil thus creating a variation amount totaling to R18 Mil. The difference a mid-year term adjustment of R18 Mil has been submitted subject to approval.

T 3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES**INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND
PROCUREMENT SERVICES****RISKS**

Buffalo City Metropolitan Municipality (BCMM) has a Risk Committee chaired by the Chief Financial Officer. The Risk Committee operates in terms of the Risk Charter approved by Council.

The Risk Committee has independently reviewed and ranked the risks of the directorates. The directorates have identified the risks affecting their operations as well as the internal controls which mitigate these risks.

This is a regular on-going process which is undertaken to determine whether or not there are any new emerging risks which need to be considered by the Risk Committee. The Committee reviews the risks on a quarterly basis.

The mitigating controls of these risks, the top 25 risks, are currently being updated. These risks are aligned with the Auditor General's findings. In addition to these risks, BCMM is in the process of adding areas of findings by the Auditor General (emerging risks).

BCMM is also in the process of establishing a Risk Department positioned in the City Manager's Office which will be capacitated with knowledge and skills to monitor and

facilitate in managing institution-wide risks and also to also promote a risk sensitive culture.

	Departmental Reference	Risk Type	Risk Category	Cause of Risk	Consequence of Risk	Mitigation Measures
1	Spatial Planning and Development	External	Service Delivery	State owned land.	Illegal land invasion Impeding development.	1)Eviction using law enforcement 2)Eviction through court order
2	Community Services	External	Social Environment	The Legal Waste Management Requirements, which prescribe minimum of a 600 metre buffer zone from the residential area, air dispersion modelling and health impact assessment prior the development of the site.	Time taken from the furthest service point to the disposal site and also negative impact on the condition of the trucks.	1) Appointment of Security Guards. 2) Awareness - installation of NO DUMING SIGNS and NOTICES to certain households. Adopt a Spot programme. Clearing of illegal dumps done but not consistent/no programme in place due to budget for clearing of illegal dumps
3	Community. Services	Internal/ External	Integrated Environmental Services	Climate Change.	Negative financial impact due to disasters.	Ensure that our budget has a surplus to enable the municipality to contribute towards cash backed reserves
4	Financial Services	Internal	Financial	Lack of service delivery business plans submissions that are long-term orientated.	Unco-ordinated infrastructure development and provision of services. Aging infrastructure development.	Development of standardised long term business plans
5	Engineering Services	Internal	Loss/theft of assets/vandalism	Inadequate security. Inadequate oversights and internal controls. Service delivery protests.	Loss of revenue.	

LEGAL

Legal Services role seeks to provide strategic, effective and efficient legal advisory services to the municipality, and inclusively to promote and enhance a risk management culture on a municipal-wide basis. As a strategic component of the institution, it is required to ensure that its processes align with and respond to the service delivery imperatives of the institution, whilst ensuring that the delivery programmes occur within the prescribed legal framework. The mandate of the Unit forms part of the broader

compliance component of the municipality and, to this extent, it takes a leading role in ensuring that incidences of risk exposure are kept at manageable levels as far as possible and are addressed progressively. Its practitioners form part of the Public Sector Lawyers' Forum in the Province and participate meaningfully in the establishment of a Code of Ethics for Public Lawyers. Internal processes take into account best practice models drawn from networking experiences during these sessions and other interactive programmes.

Its role, therefore, continues to grow progressively and is part of the dynamic development of the Metro. To meet its accountability requirements, the Department is required to report and make inputs into the annual reporting programme about its activities. The Department also guides the municipality in performing its constitutional, statutory and common law duties by:

- Considering new and draft legislation and administrative instruments, the various law reports, legal journals and publications
- Providing specialized opinions on interpretation of legislation and administrative instruments;
- Communicating with other spheres of government and commenting on legislation.

Measures taken to improve performance, includes among others:

- An increase in the staff complement which is underway, with the new organogram for the City Manager's office having been approved in the review of the organogram in June 2016. Three Management posts have been funded and advertised through our Human Resources Management Department. Application for funding of other posts is underway and awaits the assessments of critical vacant positions that must be funded. This process will happen during the 2016/2017 financial year.
- There is an intention to also appoint a Manager to deal with municipal courts and to assist in revenue generation in the area of municipal fines, to contribute towards the revenue enhancement strategy of the municipality. At this stage, there may not be an immediate impact owing to staff shortages, but results may start to show in the medium to long term, perhaps in two to three years' time.

- Legal Services also participates in the internship programme of the municipality and provides on-the-job training to new recruits with a view to recruit them permanently into mainstream employment should circumstances allow. The approach is designed to assist the municipality in creating a pool of new, energetic and innovative staff with fresh ideas and inputs with a public service orientation.
- As part of training staff, practitioners attend seminars, courses and enroll with accredited institutions of learning to ensure that there is continuous imparting of relevant skills.
- The Department supports and participates in alternative dispute resolution programmes established by the Eastern Cape Legal Advisors' Forum for relevant staff experience and allows opportunity actively to reduce the burden of increased legal costs on public funds. This programme is still in the early stages and results are yet to become evident.
- There is also a programme to facilitate training of Managers within the municipality on the Promotion of Administrative Justice Act, (PAJA) and the Promotion of Access to Information Act (PAIA), to enhance the constitutional imperative of fair administrative action and the Batho Pele principles.
- The Unit is currently engaging with the Compliance Section and the Risk Unit in order to manage any risks that are identified and it assists in implementing action plans. There is collaboration in the area of policy and procedures with risk mitigation focus.
- Also, there is collaboration with the Knowledge Management Unit in the area of by-law development, policies and procedures to strengthen compliance and to support business process re-engineering and integration, which is one of the strategic focus areas of the municipality.
- Legal Services also contributes in the strengthening of the control environment by actively and practically making recommendations on action plans that respond to the Auditor-General, the Audit Committee and Internal Audit findings. The work in this area is ongoing.

- The Department is pro-actively dealing with incidences of tender complaints and queries to reduce the impact of protracted litigation on the service delivery programme and to reduce unwarranted delays.
- The Unit also provides active technical legal support to Council, Mayoral and other strategic Council Committees such as the Municipal Public Accounts Committee so that functionaries interpret legislation and other instruments properly and are able to make sustainable and fair administrative decisions optimally.
- Legal Services is also involved in institution-wide strategies to handle objections in the planning and rezoning areas to ensure that challenges and developmental delays are addressed and mitigated against.
- The Department is proactively involved in strengthening controls in the area of unlawful occupation of vacant land parcels earmarked for development by devising steps such as preventative/prohibitory interdicts and early signs are that this is an effective tool. There is a need for an integrated and focused approach by relevant role players, such as planning to ensure that effective early warning systems are developed.
- The Unit also provides active technical legal support to Council, Mayoral and other strategic Council Committees such as the Municipal Public Accounts Committee so that functionaries interpret legislation and other instruments properly and are able to make sustainable and fair administrative decisions optimally.
- Legal Services is also involved in institution-wide strategies to handle objections in the planning and rezoning areas to ensure that challenges and developmental delays are addressed and mitigated against.
- The Department is proactively involved in strengthening controls in the area of unlawful occupation of vacant land parcels earmarked for development by devising steps such as preventative/prohibitory interdicts and early signs are that this is an effective tool. There is a need for an integrated and focused approach by relevant role players, such as planning to ensure that effective early warning systems are developed.

PROPERTY MANAGEMENT

The Buffalo City Metropolitan Municipality (BCMM) has a very large portfolio of some 1459 Building / Facilities of different uses, from which it delivers services to the community.

These buildings are physical assets, which need to be properly maintained to ensure that they continue to function as efficiently and effectively as possible in supporting the delivery of a wide range of services.

The refurbishment, renewal and the maintenance of buildings is critical to the proper management of physical assets and the overall facilities management and the providing of capital for refurbishment is crucial to achieve BCMM key policy objectives meet Government requirements and provide a good environment for staff and other users of BCMM buildings.

But unfortunately this has not happened and the Building / Immovable Assets are in a poor to very poor condition and has fallen into a severe state of disrepair and neglect over many years, but in most cases the building need total refurbishment or renewal and not maintenance. See the Infrastructure and Community Services Backlog Study of 2014.

Many of the basic components of the buildings are in need of replacement and upgrading.

Due to the past, the non-centralisation of the critical Refurbishment, Renewal and Maintenance functions, this has resulted in this function always being left out or ignored by Directorates wanting to use the refurbishment, renewal and maintenance funds for their own uses.

The Maintenance Budgets needed each year as recommended is R 37 million per annum and the Refurbishment and Renewal budgets needed is R 359.40 million per annual over the next 5 years.

The consultant noted that if BCMM does not provide the necessary funding for the Renewal and Refurbishment of its Buildings / Immovable Assets whose life span is sitting at between the 38 - 45% mark and cost for maintenance will increase drastically. All buildings are below 45% mark and are considered in a poor or very poor state.

1. THE KEY OBJECTIVES ARE:

To specify the minimum BCM requirements for the management of maintenance;

- To ensure that building assets are adequately maintained;
- To ensure that the risks to BCM are effectively managed;
- To ensure that the health, safety and security objectives are met;
- To ensure effective maintenance at department level;
- To ensure that BCM has the necessary information for monitoring the maintenance, condition and performance of building assets at an organisation level; and
- To ensure that there is adequate information at the operational level, for undertaking maintenance including the ability to review policies and strategies, analyse life cycle costs, plan for replacements and upgrades, and improve the efficiency and effectiveness of maintenance.

2. MANAGEMENT, CONTROL AND ADMINISTRATION OF BUILDING MAINTENANCE DIVISIONS

The Division managed and controlled a total operational repairs and maintenance budget of R 19 815 762.00 million and Capital Budgets of R 19 652 869.00.

3. INFORMAL'S, QUOTATIONS AND EMERGENCIES FOR 2015/2016

Building Maintenance is carrying out projects and controlling votes amounting to

- | | |
|---------------------------|-----------------|
| • Repairs and Maintenance | R 19 815 762.00 |
| • CAPEX | R 19 652 869.00 |
| • Expenditure | R39 468 631.00 |

PROCUREMENT SERVICES

BCMM SCM system is premised on section 217 of the SA Constitution, which must be fair, equitable, transparent, competitive and cost-effective.

BCMM SCM Policy is reviewed annually as per section 3 of the MFMA: SCM regulations and was last reviewed and adopted by Council 30 September 2015, and complies with

the prescribed framework as set out in section 112 of the MFMA and the implementation checklist as set out in circular 40 of the MFMA.

BCMM: SCM department is constituted in line with the SCM system and comprises of:

- Demand Management and Supplier Development Section
- Acquisitions Section (Buying and Contracts)
- Logistics, Warehouse and Disposal Sections
- Risk and Compliance Management Section and Contracts
- Performance Management Section

BCMM:SCM system uses quotation and open bid procurement processes to source goods and services required for service delivery by the institution, and has awarded both the quotations and tenders to the values of R79 793 311,36 and R798 578 919,81 respectively, in the 2015/2016 Financial Year.

T 3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

PROPERTY MANAGEMENT

The Buffalo City Metropolitan Municipality (BCMM) has a very large portfolio of some 1459 Building / Facilities of different uses, from which it delivers services to the community.

These buildings are physical assets, which need to be properly maintained to ensure that they continue to function as efficiently and effectively as possible in supporting the delivery of a wide range of services.

The refurbishment, renewal and the maintenance of buildings is critical to the proper management of physical assets and the overall facilities management and the providing of capital for refurbishment is crucial to achieve BCMM key policy objectives meet

Government requirements and provide a good environment for staff and other users of BCMM buildings.

The Building / Immovable Assets are in a poor condition, in most cases the building need total refurbishment or renewal and not maintenance.

In the past, the Maintenance function was fragmented and non-centralised and therefore the critical Refurbishment, Renewal and Maintenance programme has resulted in this function always being left out or ignored by Directorates.

The Council approved a new Organisational structure in 2013 whereby Maintenance function is to be centralised under Spatial Planning and Development to address this anomaly.

The migration of staff from the various Directorates which was responsible for the Maintenance function is being considered.

The Maintenance Budgets needed each year as recommended is R 37 million per annum and the Refurbishment and Renewal budgets needed is R 359.40 million per annual over the next 5 years.

The consultant noted that if BCMM does not provide the necessary funding for the Renewal and Refurbishment of its Buildings / Immovable Assets whose life span is sitting at between the 38 - 45% mark and cost for maintenance will increase drastically. All buildings are below 45% mark and are considered in a poor or very poor state.

THE KEY OBJECTIVES ARE:

To specify the minimum BCMM requirements for the management of maintenance;

- To ensure that building assets are adequately maintained;
- To ensure that the risks to BCMM are effectively managed;
- To ensure that the health, safety and security objectives are met;
- To ensure effective maintenance at department level;
- To ensure that BCM has the necessary information for monitoring the maintenance, condition and performance of building assets at an organisational level; and

- To ensure that there is adequate information at the operational level, for undertaking maintenance including the ability to review policies and strategies, analyse life cycle costs, plan for replacements and upgrades, and improve the efficiency and effectiveness of maintenance.

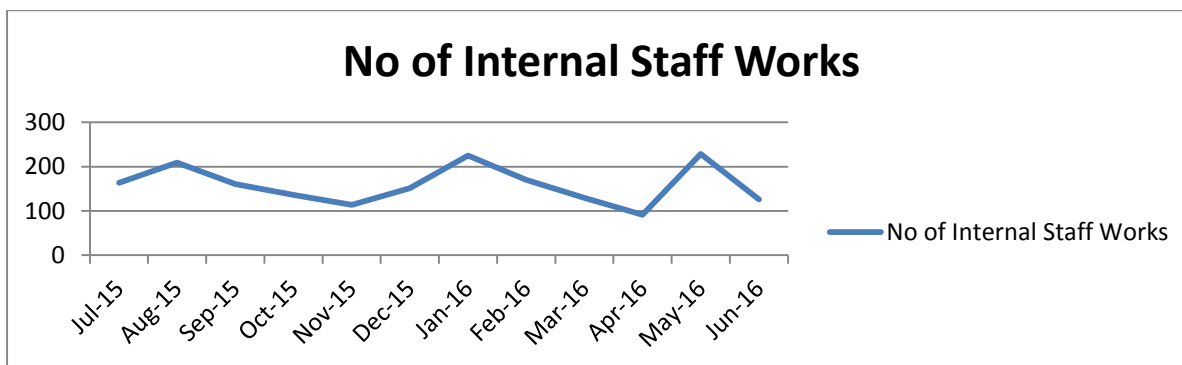
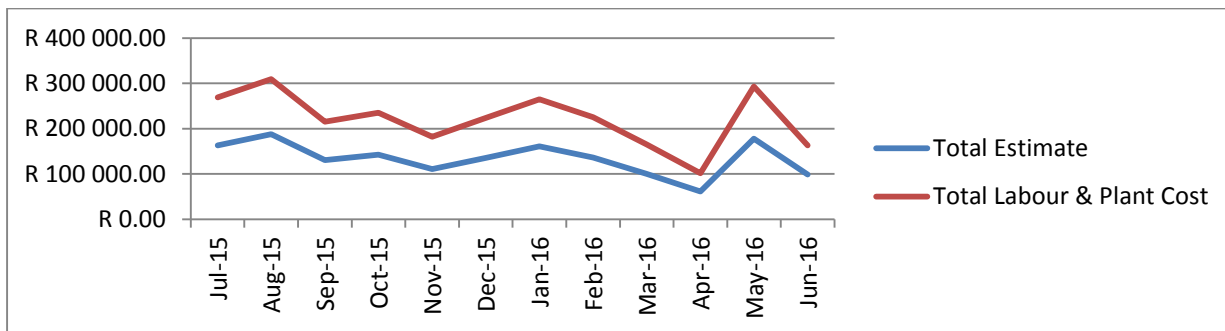
1. THE SERVICE STATISTICS ARE TOTALED AS FOLLOWS:

1.1. Formal's (Annual maintenance and refurbishment tenders)	4
1.2. External Quotations and Emergency works	688
1.3. Internal minor and emergency works	1 906
1.4. Contracts and Planned works	134
1.5. Inspections of various kinds related the	BMS5645
1.6. Business Plan for 2016 to 2019 CAPEX25 (Refurbishment, Renewal and Enhancement)	
1.7. Business Plan for 2016 – 2019 OPEX3	

2. Number of Minor and Emergency maintenance works completed internal by the Building Maintenance two workshops up the end of June 2016.

Month	Total Estimate	Total Labour & Plant Cost	No of Internal Staff Works
July 2015	R 163 050.00	R 269 032.50	164
August 2015	R 187 600.00	R 309 540.00	209
September 2015	R 130 611.00	R 215 508.15	161
October 2015	R 142 600.00	R 235 290.00	136
November 2015	R 110 500.00	R 182 325.00	114
December 2015	R 135 800.00	R 224 070.00	151
January 2016	R 160 600.00	R 264 990.00	225
February 2016	R 136 500.00	R 225 225.00	170
March 2016	R 100 150.00	R 165 247.50	130
April 2016	R 61 500.00	R 101 475.00	91
May 2016	R 177 600.00	R 293 040.00	229
June 2016	R 98 900.00	R 163 185.00	126
Totals	R 1 605 411.00	R 2 648 928.15	1906

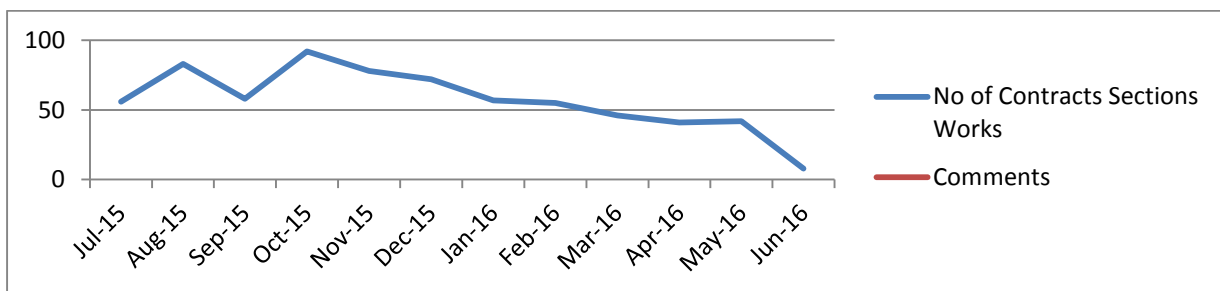
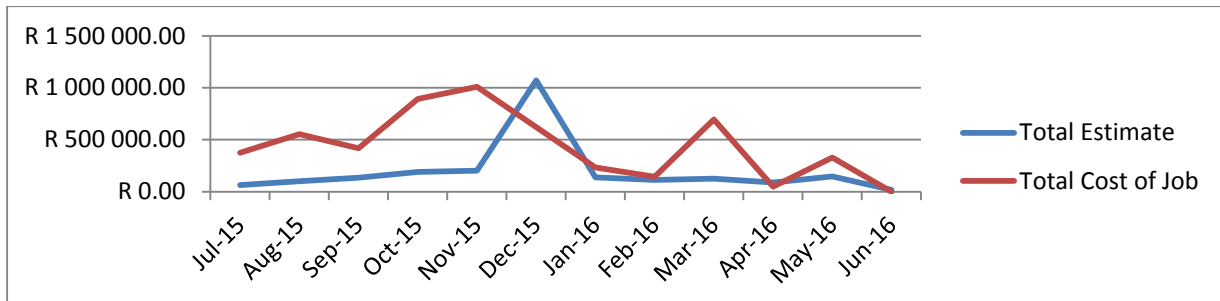
Month	No of Internal Staff Works Completed	No of Internal Staff Works not Completed	Percentage completed	Percentage Not completed
1 Jul 2015 to 30 Jun 2016	1 148	758	60%	40%
Total				1 906



3. Total Number of emergency and minor quotation work done used contractors up the end of June 2016

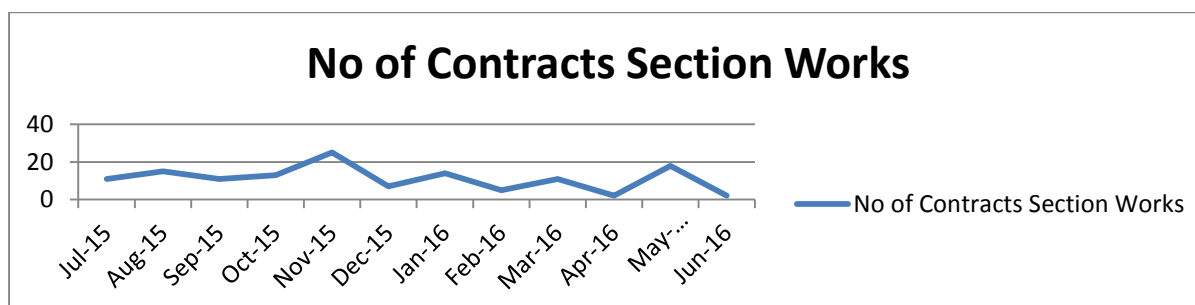
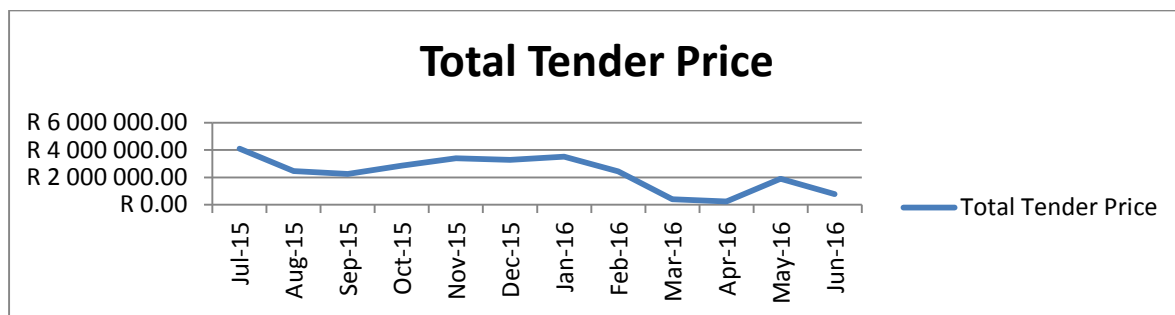
Month	Total Estimate	Total Cost of Job	No of Contracts Sections Works
Jul-15	R 62 700.00	R 375 682.48	56
Aug-15	R 99 500.00	R 555 005.81	83
Sep-15	R 134 500.00	R 417 866.90	58
Oct-15	R 190 412.72	R 893 328.40	92
Nov-15	R 203 586.64	R 1 009 005.91	78
Dec-15	R 1 071 043.08	R 620 264.66	72
Jan-16	R 136 480.00	R 234 710.00	57
Feb-16	R 112 736.20	R 142 982.60	55
Mar-16	R 124 800.00	R 695 962.68	46
Apr-16	R 89 558.93	R 49 297.08	41
May-16	R 145 948.46	R 328 655.60	42
Jun-16	R 18 500.00	R 0.00	8
Totals	R 2 389 766.03	R 5 322 762.12	688

Month	No of External Work (Non Contracts) Works Completed	No of External Work (Non Contracts) Works Not Completed	Percentage completed	Percentage Not completed
1 Jul 2015 to 30 Jun 2016	348	340	51%	49%
			Total	688



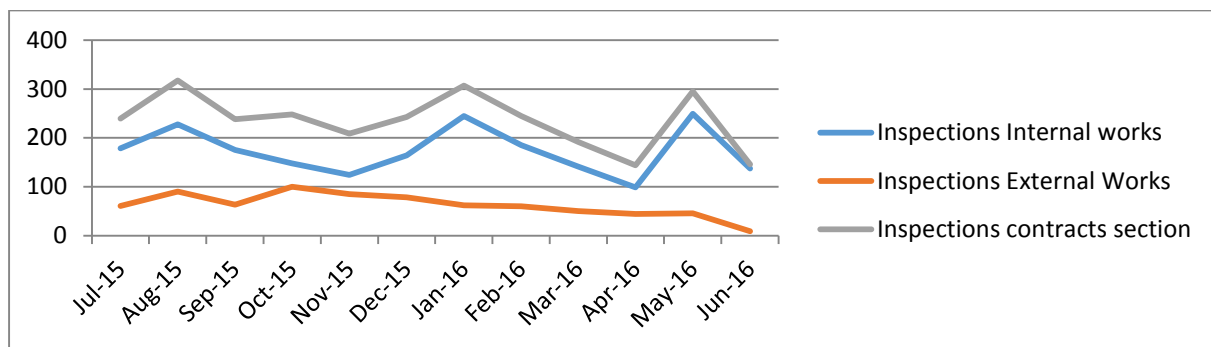
4. Total Number of Annual, Informal and quotations completed using contractors up the end of June 2016

Month	Total Tender Price	No of Contracts Section Works
Jul-15	R 4 098 621.12	11
Aug-15	R 2 460 287.87	15
Sep-15	R 2 252 544.15	11
Oct-15	R 2 848 780.27	13
Nov-15	R 3 387 367.62	25
Dec-15	R 3 276 229.86	7
Jan-16	R 3 512 055.59	14
Feb-16	R 2 440 773.11	5
Mar-16	R 398 511.18	11
Apr-16	R 236 833.56	2
May-16	R 1 907 506.23	18
Jun-16	R 777 096.73	2
Totals	R 27 596 607.29	134



5. Number of inspections carried out by the Building Maintenance staff up the end of June 2016

Month	Inspections Internal works	Inspections External Works	Inspections contracts section
Jul-15	178	61	239
Aug-15	227	90	318
Sep-15	175	63	238
Oct-15	148	100	248
Nov-15	124	85	209
Dec-15	164	78	243
Jan-16	245	62	307
Feb-16	185	60	245
Mar-16	141	50	191
Apr-16	99	45	144
May-16	249	46	295
Jun-16	137	9	146
	2074	749	2822
		Total	5645



PROCUREMENT SERVICES

Tenders awarded by the Supply Chain Management System in 2015/2016

Financial Year	Type of contract	1 st quarter	2 nd quarter	3 rd quarter	4 th Quarter	Total number
2015/16	Informal contracts	21	52	57	78	208
	Formal contracts	1	5	-	14	20
	Annual contracts	1	4	-	7	12
	Total number	23	61	57	99	240
	Total value	R6 236 327.62	R115 663 308.99	R 6 014 661.45	R670 664 621.75	R798 578 9198.81

Quotations awarded by the Supply Chain Management System in 2015/2016

Month (2015/16)	From R1 - R2000			From R2001 - R10 000			From R10 001 - R30 000		
	Amount	Number of	Average	R2k to R10 K	Number of	Average	Amount	Number of	Average
	in Rands	Transactions		in Rands	transactions		in Rands	transactions	
July	R 125 329.66	102	R 1 229	R 277 598.01	55	R 5 047	R 1 555 135.96	71	R 21 903.32
August	R 297 135.89	228	R 1 303	R 716 522.33	137	R 5 230	R 3 308 545.97	163	R 20 297.83
September	R 295 791.18	248	R 1 193	R 835 366.69	150	R 5 569	R 5 022 261.39	219	R 22 932.70
October	R 154 709.69	110	R 1 406	R 656 241.69	112	R 5 859	R 4 373 805.06	208	R 21 027.91
November	R 560 934.58	461	R 1 217	R 1 371 839.55	271	R 5 062	R 6 382 972.51	301	R 21 205.89
December	R 296 015.56	215	R 1 377	R 1 071 899.42	213	R 5 032	R 5 637 171.90	248	R 22 730.53
January	R 423 751.22	360	R 1 177	R 925 462.82	186	R 4 976	R 4 214 892.27	200	R 21 074.46
February	R 525 762.49	430	R 1 223	R 1 228 447.57	236	R 5 205	R 6 559 511.32	305	R 21 506.59
March	R 384 613.70	318	R 1 209	R 991 988.68	200	R 4 960	R 5 339 682.48	271	R 19 703.63
April	R 254 462.75	191	R 1 332	R 728 083.32	131	R 5 558	R 5 209 232.83	235	R 22 166.95
May	R 537 825.84	439	R 1 225	R 1 229 091.70	251	R 4 897	R 9 036 088.06	387	R 23 349.06
June	R 294 875.98	241	R 1 224	R 873 442.50	208	R 4 199	R 8 096 818.79	374	R 21 649.25
Total	R 4 151 208.54	3343	R 1 260	R 10 905 984.28	2150	R 5 133	R 64 736 118.54	2982	R 21 629.01

LEGAL SERVICES

22 Litigation cases instituted by BCMM

6 litigation cases instituted against BCMM

T.3.28.2

RISK MANAGEMENT

PROPOSED TOP 25 INSTITUTIONAL RISK REGISTER

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
2	Com. Service	Inadequately functioning vehicles to transport waste. Human capital capacity constraints. A lack of transfer stations. Inadequate funding.	5	5	25	Currently no controls, other than the fine system. Illegal dumping is a criminal offence.	5	5	25	1) Appointment of Security Guards. 2) Awareness - installation of NO DUMPING SIGNS and NOTICES to certain households. Adopt a Spot programme. Clearing of illegal dumps done but not consistent/no programme in place due to budget for clearing of illegal dumps.	2015/16	HOD: Municipal Services	1) Appointment of Security Guards (the department of SW is reviewing the management of access control in the Landfill Sites). 2) Awareness - installation of NO DUMPING SIGNS and NOTICES to certain households. Adopt a Spot programme. Clearing of illegal dumps done but not consistent/no programme in place due to budget for clearing of illegal dumps (is ongoing).	1. The timeframe is outdated. 2. The progress to date is a repeat of the mitigation measures and does not provide an accurate indication of the progress made in addressing the mitigation measures.
3	Com. Service	Negative impact of Climate Change (Sustainability of the City and Resources and renewable energy). Draught, flooding and food security.	5	5	25	Ensure that our budget has a surplus to enable the municipality to contribute towards disasters.	2	5	10	Ensure that our budget has a surplus to enable the municipality to contribute towards cash backed reserves.	3/31/2016 & 31 May 2016	All HOD's	Not yet due. The City continues to run its operations and financial affairs efficiently and maintain a surplus budget.	1. The control documented is weak and should not result in the dramatic reduction of the risk as disclosed. 2. The timeframes are outdated.
4	Fin	Inadequate long term planning for future operations and capital projects. Inadequate implementation of the plans. Insufficient funding.	5	5	25	No Controls currently in place.	3	3	9	Development of standardised long term business plans.	31-Dec-15	All HOD's	Standardised business plan template is still under development.	1. The timeframes are outdated.
5	Eng.5	Illegal electricity connections/ theft/ non-metered connections/ tampering. Destruction of municipal property. Third party liability.	5	5	25	1. Continuous implementation of billing and recovery of costs of the services rendered once the revenue protection unit have regularised the tempers.	5	5	25	1. Appoint contract workers on a project basis. 2. The Electricity Department has an Internal Revenue Protection Section, this Section needs to	Raising of revenue is dependent on the technical departments action.	HOD: Infrastructure Services/ CFO	Continuous Meter Inspection.	1. The timeframe is incorrect as a definitive timeframe has not been provided.

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
										be properly capacitated. Both in-terms of manpower as well as financially. 3. As this impacts on BCMM revenue, a contractor is carryout meter inspections as an interim measure. 4. The electricity department are in the process of appointing contract workers to provide additional capacity. 5. To regularise billing at premises where theft of services was detected.				
6	DPED	Delays in land acquisition/ land release programme.	5	5	25	1. Land acquisition programme has been developed and submitted to the Department of Land Affairs and the Department of Public Works for approval.2. Solicited services of the Housing Development Agency.	3	3	9	1. Land acquisition programme has been developed and submitted to the Department of Land Affairs and the Department of Public Works for approval.2. Solicited services of the Housing Development Agency.3. Council resolved to lift the moratorium, as per council resolution number XXX.	ongoing	HOD: Spatial Planning & Development	Continuous interaction with the HDA.	1. No council resolution number has been provided for point 3 of the mitigation measures.2. The timeframes is not specific or time bound.
7	Fin	Inefficiencies and irregularities in the procurement value chain impact service delivery and value for money.	5	5	25	1. Recruitment of SCM personnel is being expedited with HR. 2. Delays in procurement planning processes reduce delays in the bid committee system.	5	4	20	1. Filling vacant funded positions within the SCM unit. 2. Drive the procurement planning process to expedite the evaluation and awards of bids.	1) 31 October 2015 2) 31 October 2015	All HOD's	1. As at 2016/05/30, nine appointments had been made. 2. Recommendation for appointments for eleven vacant funded positions within SCM have been submitted to ACM. One post is at arbitration. One post is with OD for JD benchmarking. Two posts are between advert being paced and shortlisting. One post collapsed and funds transferred.	1. Point 2 under controls is not a valid control. 2. Additional control measures should be considered for inclusion. 3. The timeframes are outdated. 4. In progress to date details for only 5 of the 11 vacancies has been disclosed.

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
													3. Departments are required to submit procurement plans to the Supply Change Management Unit before any procurement processes are initiated. 4. The revised draft SCM Policy has been tabled and adopted by Council on 30 September 2015. It makes provision for the constitution of ad-hoc Bid Specification and Evaluation Committees with increasing user department involvement in place of the current fixed Committees.	
8	Corp. Services	Inadequate management of ICT Network infrastructure.	5	5	25	1. ICT policy. 2. Functioning ICT department.	3	5	15	1. Installation of optimal fibre to support business connectivity and infrastructure (The IT system needs a major overhaul). 2. Assurance audit will be performed by Internal audit.	Ongoing	HOD: Corporate Services	1. Tender process in the evaluation process. 2. Employment process is underway. 3. Policies approval process underway thereafter implementation. 4. Tender process is in evaluation stage for the Fibre implementation. 5. Governance Framework will be presented to Top Management.	1. The controls do not adequately address the risk. 2. The weaknesses in the controls disclosed will have an impact on the accuracy residual risk rating. 3. The timeframe is not specific or time bound.
9	Eng.	Aging or inadequate infrastructure.	5	5	25	1. The asset management unit structure has been established and budgeted for. 2. A service provider has been appointed to assist with immovable assets.	5	5	25	1. Prepare and submit job descriptions for benchmarking. 2. Make follow ups to ensure that top management undertakes the decision regarding the funding allocation.	1) 31 July 2015 Quarterly 2)	All HOD's overseeing infrastructure	The Asset Management Unit (AMU) is currently crafting job descriptions for all positions on the newly established AMU. Certain positions within the newly established Asset Management Unit have been funded.	1. The timeframe is outdated.
10	EPMO	Post project award:	5	5	25	1. A draft contract	4	4	16	1. Technical experts	30-Jun-16	All HOD's	Stringent contract	1. A draft policy is not a valid control

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
		Inadequate project management and or service provider performance management (escalation of contracted prices due to delays in contracts, litigation, poor performance of contractors etc.).				management policy is in the process of being finalised.				are involved in certain processes i.e. technical evaluations etc. 2. Monitoring is performed by BCM officials.			management is undertaken for all contracts that are implemented within the directorate to ensure adherence to the Service Level Agreement.	as it is not binding.2. Additional consideration should be made to actual controls in place to mitigate the risk.3. The accuracy of the residual risk rating needs to be considered considering points 1 and 2 above.4. Mitigation measures are more controls and not additional mitigation plans to be put in place to improve the control environment.5. The timeframe is outdated.6. The progress to date is more a control than an indication of progress in addressing the risk. The progress to date should be based on the actions to be implemented in terms of the mitigation plans.
12	Corp. Services	Inadequate funding resources to operationalize the institutions ICT structure.	5	5	25	Operationalisation of institutional structure.	5	3	15	Revenue enhancement strategy.	Ongoing	HOD: Corporate Services/CFO	A Revenue enhancement strategy is being implemented in line with all revenue management policies and by-laws. However, unfunded vacant positions remain a challenge.	1. The control documented does not address the risk raised. 2. The accuracy of the residual risk should be considered based on point 1 above. 3. The mitigation plan documented does not provide sufficient detail as to the plans to be put in place to address the risk going forward. 4. The timeframe is not specific or time bound.
13	MM	Inadequate governance.	5	5	25	1. Continuously advise the Council governance structures.	3	4	12	1. Continuously advise the Council governance structures.	Annually	All HOD's/City Manager	On-going monitoring is undertaken to ensure compliance with the legislations and proper advise is provided to Council when required.	1. The control documented should be assessed. Management should consider what the actual controls are to monitor and improve governance including training etc. 2. Based on point 1 above the residual risk rating should be re-evaluated. 3. Management should re-consider their mitigation plans.
14	MM	Changes in municipal demarcations (increasing BCM's demarcation area).	5	5	25	No Controls currently in place.	5	3	15	Continuous Consultation with Council.	Ongoing	All HOD's/City Manager	All departments under finance directorate.	1. There are no documented controls in place to address this risk yet the risk level reduces from 25 to 15. 2. Management should re-consider the mitigation plans documented.3. The timeframes in not specific or time bound.4. The progress to date documented is not actual progress to date.
15	ESS	Sensitive and confidential information being leaked to the media may result in	4	5	20	1. A draft media and communication policy is in place. 2. Sensitive information is controlled within the	5	5	25	Measure as documented in the Media and communications policy are followed to	Media/Communication strategy has been developed and adopted by Top Management	HOD: Executive Support Services/HOD: CS	Communication Action Plan adopted by Council on the 28th October 2015. The Metro is currently	1. A draft policy is not a valid control as it is not binding. 2. The residual risk is higher than the inherent risk. 3. The timeframe is not specific or

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
		reputational damage.				responsible directorate; however, re-distribution of such documents from recipients is not adequately controlled.				deal with such instances.			implementing the Plan and leakage of information to media has decreased significantly.	time bound.
16	DPED	Failure to create an enabling environment to LED (threat of investors leaving the city due to lack of diversification, inadequate job creation, high cost of business, poor service delivery). Lost revenue.	4	5	20	No Controls currently in place.	3	4	12	Property rates and tariff policy to be amended to include property rates and services rebates.	31-Mar-16	All HOD's	Section 8.3 of the Rates Policy addresses the rebates available to all ratepayers within BCMM. Section 8.3.7 of this Policy is specifically directed to investors as their properties are likely to be categorised as commercial and/or industrial properties. The policy is attached for ease of reference.	1. There are no documented controls in place to address this risk yet the risk level reduces from 20 to 12. 2. The timeframes are outdated.
17	Eng.	Water losses/ Unaccounted for water.	5	4	20	Read the meters and bill when new meters have been installed and collection of revenue related to the consumption of water.	5	3	15	There is an institutional task team that has been established by the City Manager to investigate the feasibility of implementing smart metering in the City.	2015/16	HOD: Infrastructure Services/ CFO	Implementation is ongoing.	1. Management should re-assess the controls documented. 2. The timeframe is outdated.
18	Fin	Assets are no not managed optimally to ensure an appropriate return on investment.	4	5	20	1. Directorates have their own maintenance plans, but there is in insufficient funding to implement plan. 2. The asset management unit structure has been established and budgeted for. 3. A service provider has been appointed to assist with immovable assets.	2	3	6	1. The establishment and centralisation of an Asset Management Unit. 2. Filling of funded vacant positions in the new asset management unit. 3. A fully comprehensive institutional Asset Management Policy needs to be developed which will address the issue of managing assets optimally. 4. Standard Asset Management Operating Procedures, informed by the Policy, will then be developed and	1) 31 July 2015 2) 31 October 2015 3) 31 July 2015 4) 31 December 2015	All HOD's	An Asset Management Unit has been established and the job description writing is currently taking place for all positions on the new macro structure. Once the job description writing process is complete, all funded positions for the new Asset Management Department will be advertised and filled.	1. The timeframes are outdated.

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
										implemented.				
19	LED	High cost of doing business is impacting the investment potential in the city (Electricity, water, rates, permits, ICT etc.).	4	5	20	1. Property Rates Policy. 2. Control of electricity theft. 3. Where feasible reduce reliance on Eskom generation by implementing renewable energy projects.	4	5	20	1. Investigate renewable energy options (in the main addressing reliability of supply and promoting sustainable development) 2. Develop an Investment Incentives Strategy 3. Constant review & benchmarking of cost of doing business in BCMM 4. Communications Department to implement Consumer Awareness campaign. 5. Ensure electricity increases are kept as low as possible. 6. Cross subsidy by electricity revenue should be kept to a minimum. 7. Consumers should be encouraged to use electricity efficiently. 8. Communications Department in the process of implementing a consumer awareness campaign.	Immediately	GM: Electricity HOD: Economic Development & Agencies Chief Financial Officer	Analysis of Cost of Doing Business in BCMM has been undertaken.	1. Consideration should be given to the detail surrounding the control "control of electricity theft". 2. The timeframe is not specific or time bound. 3. Only one aspect of the mitigation plan has been reported in progress to date.
20	MM	Non-compliance with legislation and regulations.	4	5	20	1. Strict adherence to the MFMA Calendar. 2. A standard operating procedure manual is in place.	2	4	8	1. Develop and review standard operating procedures.	31-Dec-15	All HOD's	1. SOP's incorporated in policies developed and reviewed. 2. Draft HRD Policy, Internship and amended Conditional Study Assistance workshopped with LLF members. 3. Preparations underway for Councillors workshop.	1. Management should consider the controls documented as well and the residual risk, based on the outcome of the previous audit, management and audit report findings. 2. The timeframe is outdated.
22	HS	Lack of implementation of beneficiary allocation and relocation policy.	4	5	20	Beneficiary (Master list) are approved by Council.	4	4	16	1. The allocation and Relocation Policy was approved by BCMM Council on 11 Dec 2014.	Ongoing	HOD: Human Settlements	Allocation Committee is about to be established in the 2015/2016 Financial Year. The report will be	1. Management should re-consider the control documented. Are validation and/ or accuracy checks not performed? 2. The timeframes is not specific and

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
										2. All beneficiary allocations as well as relocations from this date should be undertaken in accordance with this Policy in order to prevent unlawful undertakings. 3. BCMM officials will be accountable and the Council will be monitoring. 4. Basic management, monitoring, minutes taking and knowledge of National Housing needs register skills will be the pre requisite for the officials in the committee.			tabled at the next top management meeting by the A/HOD Human Settlements.	time bound. 3. Not all mitigation measures have been dealt with under progress to date.
23	DPED	Poor integrated planning and coordination between BCMM, other spheres of government and key stakeholders.	4	5	20	There are working relationship with other institutions such as Border Kei Chamber of Business, ELIDZ, ECDC and ECPTA.	3	3	9	Strengthen formalised partnership arrangements. The process of formalising partners is underway with Eastern Cape Parks and Tourism and ECDC.	2015/16	HOD: ESS	1. Draft MGDS adopted. 2. Technical Steering Committee established which includes all key stakeholders. 3. MGDS Summit is planned for October 2015 where partnerships with key stakeholders will be formalised.	1. The timeframe is outdated.
24	Pub. Safety	By-laws are not updated and / or are incomplete across BCMM.	4	4	16	Majority of By-laws only applicable in certain area within BCMM.	1	1	1	1. Centralisation of the development and review of all by-laws (Legal Services).2. All by-laws to be reviewed and submitted to Legal Services who are dealing with the matter.	On-going	All HOD's	By-Laws are implemented on an ongoing basis and these are reviewed annually where necessary.	1. The control documented is not a valid control to address the risk identified.2. The residual risk rating should be re-assessed for accuracy and reasonableness based on point 1 above.3. The timeframe is not specific or time bound.
25	Pub. Safety	Inability to adequately respond to significant disaster events.	3	5	15	1. Voluntary responses are received in the event of a disaster. 2. The system is currently adhoc and is dealt with on a case by case basis.	3	4	12	1. An intervention plan was drafted on 30 June 2015. 2. All performance agreements for 2015/16 for staff in levels 20 to 8 to be	30 June 2015 for points 1 and 2. 30 June 2016 for points 3 and 4	HOD: ESS and Corporate Services	5. Section 56 Performance Agreements for 2015/16 were approved and submitted on 26 June 2015.	1. The controls include the following wording "This does not address risk reduction". However, the risk rating has been reduced. 2. Some of the mitigation measures apply to the previous financial year and have been completed as per

No	Dept Ref.	Risk Description	Consolidated Inherent Risk Assessment			Controls	Consolidated Residual Risk Assessment			Mitigation Measures/ Action Plans	Timeframe	Action Owner	Progress to Date	Risk Reviewers Comments
			Likelihood	Impact	Total		Likelihood	Impact	Total					
						3. This does not address risk reduction.				submitted by 30 June 2015. 3. Performance agreements for staff in levels 7 to 2 to be rolled out in financial year 2015/16. 4. Increased communication and change management as per intervention plan. 5. Section 56 Performance Agreements for 2015/16 were approved and submitted on 26 June 2015. 6. Adoption and implementation of revised PMS Framework together with Standard Operating Procedures will address the issue of non-compliance. 7. Change Management workshops will assist in improving ownership of performance information.			6. Adoption and implementation of revised PMS Framework together with Standard Operating Procedures will address the issue of non-compliance. Change Management workshops will assist in improving ownership of performance information.	management comment. 3. The timeframe is outdated. 4. Not all mitigation measures progress to date have been recorded.

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2014/2015		2015/2016		2016/2017	2017/20118		
		Target	Actual	Target	Actual		Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Inner City Regeneration	Number of land parcels acquired and set aside for integration zones	2	2	2	2	2	2	2	2
Inner City Regeneration	Number of land parcels released	2	2	2	2	2	2	2	2
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year 0 Budget/IDP round; *Current Year' refers to the targets set in the Year 1 Budget/IDP round. *Following Year' refers to the targets set in the Year 2 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									

T 3.28.3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	2014/2015	2015/2016			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	9	8	1	11%
4 - 6	46	64	51	13	20%
7 - 9	7	9	7	2	22%
10 - 12	12	23	0	8	35%
13 - 15	1	6	5	1	17%
16 - 18	2	13	5	8	62%
19 - 20	0	1	1	0	0%
Total	75	125	77	33	26%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

T 3.28.4

Financial Performance 2015/2016: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2014/2015	2015/2016			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	836 839			129	100%
Expenditure:					
Employees	25 728	44 640	19 294	15 255	-193%
Repairs and Maintenance	224 074	20 699	18 001	25 300	18%
Other	169 821	185 407	74 651	76 623	-142%
Total Operational Expenditure	195 774	250 746	111 946	117 178	-114%
Net Operational Expenditure	(641 066)	250 746	111 946	117 050	-114%
<p>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</p>					

T 3.28.5

Capital Expenditure 2015/16: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4 500	9 453	5 836	23%	
Furniture and Equipment - Project Management Office	1 500	700	234	-541%	700
Re-roofing of Garcia Flats block A and B	3 000	3 000	2 889	-4%	3 000
Rehabilitation of Midland Existing Municipal Buildings and Old Mutual Building (Finance)	–	5 753	2 713	100%	5 753
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.28.6

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL

PROPERTY MANAGEMENT DEPARTMENT

Property Management had the following four major projects and they are prioritized accordingly for the financial year the under review.

1. CITY HALL RENOVATIONS

Introduction

The Directorate of Executive Support Services, who is the custodian of the East London City Hall, requested the Property Management Department to renovate and refurbishment the City Hall.

Description

This project concentrates on the following items:

DISCRIPTION
1. City hall complete exterior painting
2. City hall complete interior painting
3. Repairs to all .kitchen. rooms. toilets. skirting. moldings. wall paneling. locks floor. and vanishing and repairs of

	floor main hall area
4.	City hall repairs and service all toilets
5.	Repairs to cloak rooms ,stage area ,floor and vanish .repair and replace all rotten flooring ,panels ,moldings ,skirting etc. as per site meeting / city hall auditorium,
6.	City hall replace carpets and steam cleaning carpets
7.	Repairs to all offices , toilets , ground and 1st floor, vanish and repair 1st flr balcony floor and 1st flr auditorium floor toilets all rotten windows ,doors . skirting ,ceilings , panels fittings, as per site meeting
8.	City hall repair vanish and paint all seating auditorium
9.	City hall repairs or manufacture and hang all exterior and interior doors. Supply and fit all new locks handles. / fittings hinges , .missing or broken / repairs to all door frames architraves etc.
10.	City hall old library and boundary wall interior /exterior painting
11.	City hall old library carpets and floors
12.	City hall replace carpet in room 12,7,16,2,3 found after investigations

Variances:

There are no variances to be recorded.

2. MUNIFIN RENOVATIONS

Introduction

The Directorate of Finance, who is the custodian of the Munifin, requested the Property Management Department to renovate and refurbishment the Munifin Building.

Description

This project this year concentrates on the replacing of the roof over the L section of Munifin. The upgrading of the toilets in the alley way and up the stairwell off the alley way. The replacement of the box gutters, guttering and downpipes. The replacement of the sewerage pipes in the alleyway. New sump pump in the basement off the alleyway.

Budget

FUNDING SOURCE	Vote	2015/2016	2016/2017	2017/2018	2018/2019
Operating Repairs and Maintenance – Repairs Funds	20 23 2 28 360 0 11D H3 ZZ 11	R 300 000			
CAPEX	20 12 641 002 0 11D 9E ZZ 11	R 4 000 000	R 7 500 000	R 15 000 000	R 3 000 000

Variances:

There are no variances to be recorded.

3. OLD MUTUAL BUILDING RENOVATIONS**Introduction**

The Directorate of Finance, who is the custodian of the Old Mutual, requested the Property Management Department to renovate and refurbishment the Old Mutual Building Offices on the 5th Floor and archive area on the 5th Floor.

Description

This project concentrates on the refurbishment and renovations of Old Mutual Building Offices on the 5th Floor and archive area on the 5th Floor.

Budget

FUNDING SOURCE	Vote	2015/2016
Capex Roll overs	20 12 641 002 0 11D 9E ZZ 11	R 207 970 .00
CAPEX	20 12 641 002 0 11D 9E ZZ 11	R 1 000 000 .00

Variances:

There are no variances to be recorded.

4. GARCIA FLATS REROOFING**Introduction**

The Directorate of COO, who is the custodian of the Garcia Flats, requested the Property Management Department to reroof Garcia Flats. The project is over two years.

Description

This project concentrates on the re-roofing of Garcia Flats Blocks A & B.

Budget

FUNDING SOURCE	Vote	2015/2016	2016/2017
CAPEX	20 23 641 002 0 11D 9E ZZ 11	R 3 000 000 .00	R 4 000 000 .00

Variances:

There are no variances to be recorded.

Performance of the Property Service Overall:

1. Property Management Department:

The Property Management Department over performed, in total attained 143% performance ratio as set out in the Performance KPA's and set out below in the consolidated view of the POE's breakdown for the Department. It is set out as follows:

Performance as per KPA's and CMC's

Buffalo City Metropolitan Municipality Performance Assessment Rating Calculator											
Cycle:	01-July-15		to		30-Jun-16	1 st to 4 th Quarter					
KPA No	Weight		Baseline	Rating	Score	CCR	No	Weight	Baseline	Rating	Score
KPA1	1	30%	3	5	1.5	CMC1	1	20%	3	5	1
KPA2	2	30%	3	5	1.5	CMC2	2	20%	3	5	1
KPA3	3	10%	3	3	0.3	CMC3	3	20%	3	5	1
KPA4	4	10%	3	3	0.3	CMC4	4	20%	3	5	1
KPA5	5	10%	3	5	0.5	CMC5	5	20%	3	5	1
KPA6	6	10%	3	3	0.3	COC1	6				0
Your Totals		100%		24	4.4	Your Totals		100%		25	5
Set Totals KPA		100%		18	1	Set Totals CCR		100%		15	2
KPA weight					70%	CCR weight					30%
Your KPA SCORE					93%	Yours CCR SCORE					50%
Your FINAL SCORE				143%							

Performance as per the budgets for Projects and Repairs / Maintenance

CAPEX	Percentages					Comments
New SOPA Votes	Actual Expenditure percentage excluding transferred funds on 1 May 2016	Performance Percentage	Actual Expenditure percentage overall including transferred funds on 1 May 2016	Vote 2012 was not on given to BMS 1 Jun 2015 therefore the full amount should be taken as extra work, extra allocation also to vote 2023 from ARCH	% increases performance done by BMS	On Performance
2012641002011D9EZZ11	99%	108%	99%	108%	9%	Over achieved
2023641002011D9EZZ11	100%	187%	64%	187%	123%	Over achieved
Total percentage expenditure	99%	126%	81%	294%	132%	Over achieved overall

Operating maintenance votes	Percentages					Comments
New SOPA Votes	Actual Expenditure percentage excluding transferred funds on 1 May 2016	Expenditure to date	Actual Expenditure percentage overall including transferred funds on 1 May 2016	No additional Budget so the performance percentage stays the same	Difference increases performance	
2023228361711DB4ZZ11	94%	94%				Over achieved
2023228360011DH3ZZ11	93%	93%				Over achieved
Total percentage expenditure	94%	94%				Over achieved

T 3.28.7

COMPONENT J: MISCELLANEOUS

INTRODUCTION TO MISCELLANEOUS SERVICES

This municipality does not have any miscellaneous services.

T 3.29.0

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.

Plan Number: Plan Name																	
No.	Strategic Focus Area (IDP)	Key Performance Indicator	Baseline (Previous years actual)	Demand	Backlog	Annual Target (Year)	5 Year Target	Means of verification	Unit of Measure	Quarterly Target	Quarterly actual	Status (Achieved/Not Achieved)	Measures taken to improve performance	Performance Monitoring Quality Assurance comment	Management Response	Internal Audit Comment	Portfolio of Evidence
1	Build sustainable communities SFA 6	% of households with access to basic level of sanitation service	97%	None	None	99%	95%	Households with Sanitation Services Quarterly Report: 2015/2016 .	%	99%	99%	Achieved	None	None	None	None	Households with Sanitation Services Quarterly Report: 2015/2016 .
2	Build sustainable communities SFA 6	% of households with access to basic level of water supply	98.70%	None	None	99%	100%	Completion certificate/Layout plans	%	99%	99.40%	Achieved	None	None	None	None	Completion certificate/Layout plans
3	Building Citizen confidence SFA 3	% of households with access to basic solid waste removal service	50.50%	None	None	90%	90%	Daily Status refuse removal report	%	90%	50	Not Achieved	We learnt to have and Develop fleet contingency plan which will be in place in 2016/17 financial year	None	None	None	Daily Status refuse removal report
4	Financial Viability SFA	% of households earning less than R2460 per month with access to free basic services	31.30%	None	None	34%	35%	Formal report from the Financial System	%	34%	34%	Achieved	None	None	None	None	Formal report from the Financial System
5	Financial Viability SFA 9	% of a municipality's capital budget actually spent on capital projects identified for a particular financial year in	>80%	None	None	>90%	>95%	Section 71 Report	%	>90%	78%	Not Achieved	None	None	None	None	Section 71 Report

Plan Number: Plan Name																	
No.	Strategic Focus Area (IDP)	Key Performance Indicator	Baseline (Previous years actual)	Demand	Backlog	Annual Target (Year)	5 Year Target	Means of verification	Unit of Measure	Quarterly Target	Quarterly actual	Status (Achieved/Not Achieved)	Measures taken to improve performance	Performance Monitoring Quality Assurance comment	Management Response	Internal Audit Comment	Portfolio of Evidence
		terms of the municipality's integrated development plan															
6	Job Creation SFA 7	Number of jobs created through LED initiatives including implementation of capital projects	500	None	None	1200	1700	Staff record	%	1200	1756	Achieved	None	None	None	None	Staff record
7	Institutional Restructuring and Stabilisation SFA 1	Number of people from employment equity target groups employed in the 3 highest levels of management in compliance with municipality's approved employment equity plan	2	None	None	3	4	Signed appointment letters	%	3	6	Achieved	None	None	None	None	Signed appointment letters
Note: Set out key plans as per performance scorecard e.g Plan 1: Sustain and build natural environment, Plan 2: Economic Development and job creation, Plan 3: Quality living environment, Plan 4: Safe, healthy and secure environment, Plan 5: Empowering our citizen, Plan 6: Promoting cultural diversity, Plan 7: Good governance, Plan 8: Financial viability and sustainability. T 3.30																	

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

Organisational development and employee performance management forms part of the support function that the Directorate of Corporate Services renders to BCMM. Services rendered include development of the organisational structure, capacitation of staff members and assisting management with management of staff performance.

Various anomalies on the organogram were identified during the Staff Transfer and Migration task team meetings whereby staff were placed in the Metro organogram. These anomalies include omissions of posts that are operationally required; incorrect post titles and management/functional being omitted. It was resolved that these anomalies will be addressed during the annual review of the organogram.

The report on the annual review of the structure was submitted for the meeting of Buffalo City Metropolitan Council scheduled for 29 June 2016 and the reviewed structure was approved for implementation during the 2016/2017 financial year. The second and final phase of the staff transfer process will now be undertaken with the relevant departments to address the identified staff transfer anomalies, in order to finalize the staff transfer process.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2014/2015	2015/2016			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	306	380	312	68	17.89%
Waste Water (Sanitation)	327	408	326	82	20.10%
Electricity	218	275	219	56	20.36%
Waste Management	570	624	554	70	11.22%
Waste Disposal	10	14	12	2	14.29%
Housing & COO	46	67	49	18	26.87%
Road Services (Maintenance Cons Proj)	243	283	252	31	10.95%
Transport Services (Bus Depot & Trans Plan)	39	52	42	10	19.23%
Waste Water (Stormwater Drainage)	13	15	15	0	0.00%
Planning Services (City Planning Archive)	144	165	148	17	10.30%
Local Economic Development	67	85	76	9	10.59%
Library	66	101	72	29	28.71%
Cemeteries	105	103	90	13	12.62%
Child Care	2	2	2	0	0.00%
Pollution Control	3	3	2	1	33.33%
Bio Diversity and other	427	474	435	39	8.23%
Health Inspection	58	59	53	6	10.17%
Police Officer & Other	321	714	681	33	4.62%
Fire Services	169	192	176	16	8.33%
Disaster Management	6	10	7	3	30.00%
Sport & Recreation (Amenities)	281	294	269	25	8.50%
Executive & Council	97	126	105	21	16.66%
Financial Services	484	615	525	90	14.63%
Human Resources	143	188	155	33	17.55%
ICT	26	34	28	6	17.65%
Legal Services, Risk Management, SCM	75	125	92	33	26.40%
Municipal Manager incl Knowledge Management					
EPMO excluding Legal	61	76	62	14	18.42%
Engineering Admin	44	51	45	6	11.76%
Mechanical Workshop including Environmental Workshop	80	102	83	19	18.63%
Arts & Culture Admin	38	40	38	2	5.00%
Halls	65	72	67	5	6.94%
MURP	4	8	5	3	4.16%
Totals	4538	5757	4997	760	464.13%

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

T 4.1.1

Vacancy Rate: Year 2015/2016			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	8	4	50.00
Other S57 Managers (Finance posts)	0	0	0.00
Police officers	64	5	7.81
Fire fighters	119	8	6.72
Senior management: Levels 13-15 (excluding Finance Posts)	89	20	22.47
Senior management: Levels 13-15 (Finance posts)	8	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	661	97	14.67
Highly skilled supervision: levels 9-12 (Finance posts)	80	13	16.25
Total	1031	147	14.26
<p>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>			

T 4.1.2

Turn-over Rate			
Details	Total Appointments as of the beginning of financial year	Terminations during the financial year	Turn-over rate
2013/14	174	239	137%
2014/15	528	465	88%
2015/16	791	254	32%
T 4.1.3			

COMMENT ON VACANCIES AND TURNOVER:

The Head of Directorate(HOD) posts were advertised on 16 August 2013 and interviews conducted however no suitable candidates were found for the remaining 4 HOD posts and thus Council approved the re-advertising of the posts. The following Senior Management posts were shortlisted and interviews were held in February 2016:

- Head of Directorate: Health & Public Safety and vacant since 23 August 2013;
- Head of Directorate: Municipal Services and vacant since 28 November 2013;
- Head of Directorate: Human Settlements and vacant since 01 March 2015;
- Head of Directorate: Economic Development & Agencies vacant since 01 March 2016

The concurrence from the Member of the Executive Council (MEC) for Co-operative Governance and Traditional Affairs (Cogta) has been sought and it was anticipated that this would have been obtained. However the MEC has raised some issues regarding the selection process of the candidates and the Legal Services Department is currently investigating these issues.

In October 2015, Recruitment Project Drive was established. The drive has assisted in reducing the vacant positions. A target was set to reduce the number of vacant positions by 50% from July 2015 to June 2016. The success of the recruitment project drive is as follows:

Quarter	New Appointments	Promotions	Total
July – September 2015	68	41	109
October – December 2015	415	88	503
January to March 2016	78	58	136
April – June 2016	73	20	93
Total	634	207	841

The vacant funded posts over the last 12 months have been reduced by 634 new appointments from 791 positions as of July 2015, which equates to 80% of positions filled.

The reasons for the staff turnover at the Municipality are varied, including normal attrition such as retirements and deaths. To ensure staff retention, BCMM has implemented a talent management strategy, which has the following broad initiatives contained therein:

- Prioritisation of bursaries for scarce skills categories both internally and externally.
- Payment of professional registration fees for scarce skills categories.
- Prioritisation of functional development for scarce skills categories.
- Payment of a scarce skills allowance.

T.4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality has an Employment Equity Plan to ensure equitable representation in all occupational levels in the workplace. The current Employment Equity Plan is expiring on 30 June 2017 and the Municipality is in a process of reviewing its Employment Equity Plan in accordance with the Employment Equity Act No. 58 of 1998. The targets set for the end of the Employment Equity Plan at 30 June 2017 are as follows:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4	1	0	0	4	1	0	0	0	0	10
Senior management	12	2	0	2	10	2	0	1	0	0	29
Professionally qualified and experienced specialists and mid-management	73	14	1	10	65	10	1	9	0	0	183
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	364	70	4	52	325	50	4	44	0	0	913
Semi-skilled and discretionary decision making	631	122	6	90	564	87	6	76	0	0	1582
Unskilled and defined decision making	696	134	7	99	622	96	7	84	0	0	1745
GRAND TOTAL	1780	343	18	253	1590	246	18	214	0	0	4462

Reasonable progress has been made towards the achievement of the Employment Equity Plan as at 30 June 2016 and is reflected in the table below:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	2	0	3	0	0	0	0	0	7
Senior management	30	1	1	12	11	1	1	1	0	0	58

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Professionally qualified and experienced specialists and mid-management	61	4	3	33	61	4	1	10	0	0	177
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	322	111	21	138	230	47	6	56	0	0	931
Semi-skilled and discretionary decision making	874	79	9	51	539	65	6	49	0	0	1672
Unskilled and defined decision making	1190	24	0	7	843	9	1	6	0	0	2081
GRAND TOTAL	2479	219	36	241	1687	126	15	122	0	0	4926

Although reasonable progress is noted, there is still over-representation especially at senior management and middle levels. In order to ensure that targets are achieved and that the over-representation is eliminated, the training and development of people from designated groups will be aligned with the new Employment Equity Plan.

In addition to the plan, the officials and councillors are required to disclose their financial interest on an annual basis.

Analysis of Human Resources policies, practices, procedures and the working environment is conducted on a yearly basis in order to identify employment barriers which adversely affect people from designated groups. When a gap is identified during the analysis a corrective measure is developed to overcome the barrier.

T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%	0	05 May 1997
2	Attraction and Retention	0%	0%	-
3	Code of Conduct for employees	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
4	Delegations, Authorisation & Responsibility	0%	0%	-
5	Disciplinary Code and Procedures	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
6	Essential Services	0%	0%	Part of the Code of Conduct for Employees
7	Employee Assistance / Wellness	0%	%	-
8	Employment Equity Plan	100%	10%	Reviewal process
9	Exit Management (Staff Provisioning Policy)	100%	20%	February 2010
10	Grievance Procedures	100%	0%	Main Collective Agreement of National South African Local Government Bargaining Council (SALGBC)
11	HIV/Aids	0%	0%	-
12	Human Resource and Development	80%	0%	-
13	Information Technology	100%	0%	26 November 2015
14	Job Evaluation	0%	0%	-
15	Leave (Staff Provisioning Policy)	100%	0%	July 2015
16	Occupational Health and Safety	0%	0%	-
17	Official Housing	0%	0%	-
18	Official Journeys	100%	0%	05 October 2010
19	Official transport to attend Funerals	100%	0%	05 May 2005
20	Official Working Hours and Overtime	100%	0%	19 June 2013
21	Organisational Rights	0%	0%	-
22	Payroll Deductions (Staff Provisioning Policy)	100%	80%	February 2010
23	Performance Management and Development	100%	0%	21 June 2013
24	Recruitment, Selection and Appointments (Staff Provisioning Policy)	100%	80%	February 2010
25	Remuneration Scales and Allowances (Staff Provisioning Policy)	100%	80%	February 2010
26	Resettlement	0%	0%	-
27	Sexual Harassment	0%	0%	-
28	Skills Development	0%	0%	-
29	Smoking	0%	0%	-
30	Special Skills (Scarce Skills)	100%	0%	15 May 2010
31	Work Organisation	70%	0%	-
32	Uniforms and Protective Clothing	0%	0%	
33	Other:			
Use name of local policies if different from above and at any other HR policies not listed.				

T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

BCMM has a well-developed Staff Provisioning policy framework. All policies are developed by management and then discussed extensively with municipal unions and staff members, before being approved by Council. The policies are then circulated to staff and are available on the intranet to which staff members have access. In order to ensure that Human Resources policies are updated when required, Human Resources actions a policy reviewable process annually to determine which policies need updating. When such policies are identified, the necessary drafting, consultation and approval processes are then actioned.

A Human Resource Development Policy has been drafted and consultations have been held with the management, staff and unions. Such policy includes various elements such as succession planning and internships. This policy is due to be work-shopped with Council before it is submitted for approval during the 2016/2017 financial year.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

BCMM's occupational health, safety and wellness programmes are located within the Human Resources Performance and Development Department situated at the Employee Wellness Centre in Southernwood. The following services are provided to all BCMM councillors and employees:

- The Occupational Health section consists of an occupational health clinic headed by an Assistant Manager who is a Senior Professional Nurse and staffed by two other Professional Nurses, situated at the Employee Wellness Centre. A municipal occupational Health Clinic is also conducted once a week in King William's Town in order to provide coverage to BCMM's inland area. The clinic provides occupational health services as well as primary health care services to all employees and councillors.
- An occupational Risk and Safety service addresses legal compliance in terms of the Occupational Health and Safety act and other related legislation. Administrative functions with regard to Compensation for Injury on Duty claims are also performed by this office.
- Employee Assistance Programme services is aimed at the wellbeing of employees and councillors in terms of work and personal related problems with the objective being to have a productive workforce which has access to its assistance with regard to their individual wellbeing. Such services are provided by 3 qualified Social Workers employed by BCMM. The HIV/AIDS programmes also fall under EAP services.

BCMM'S HIV/AIDS programme reflects a positive trend in the reduction of HIV/AIDS prevalence within the institution. Prevalence statistics amongst staff members reflect the following impact:

- 2004: Prevalence of 10.3%
- 2007: Prevalence of 8.98%
- 2011: Prevalence of 6.17%
- 2016: Prevalence of 3.37%

These prevalence statistics seem to reflect a substantial reduction in HIV prevalence amongst BCMM staff members.

Buffalo City Metropolitan Municipality (BCMM) has historically had a disabling injury frequency rate (DIFR) of staff members at around 2,4%. It was noted that this DIFR was higher than industry safety standards which are around 2%.

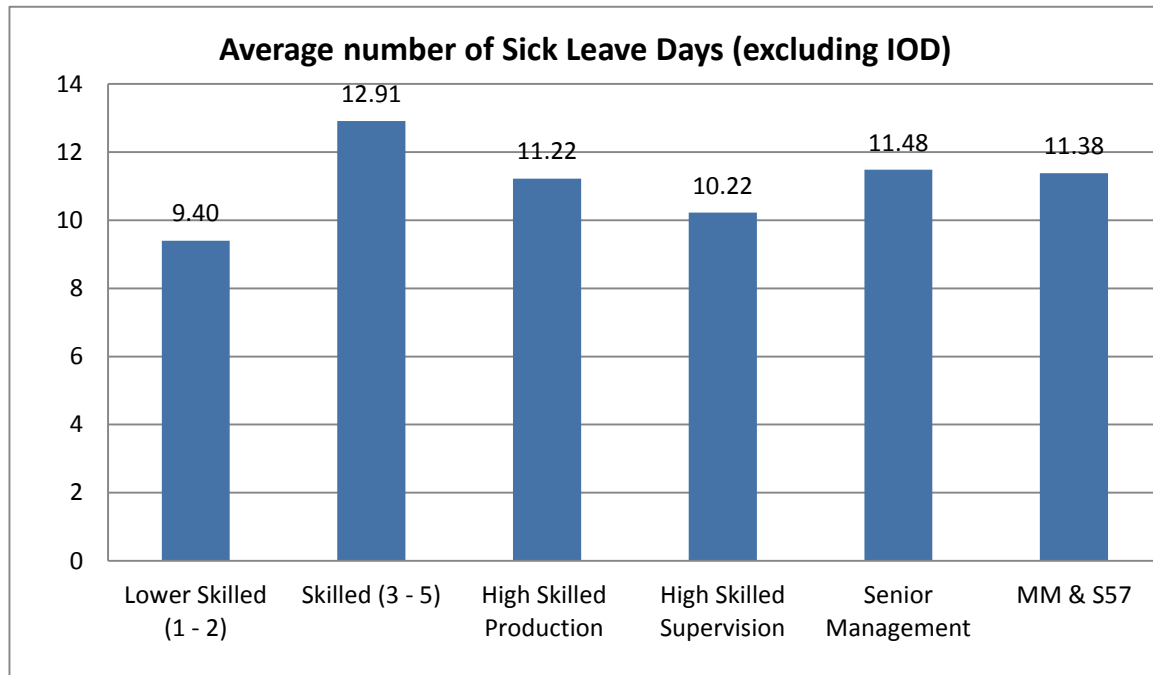
Whilst such DIFR is partially due to the nature of the services performed by BCMM e.g. Law Enforcement, the DIFR is regarded as being too high and steps have been taken to reduce it. A key step was the introduction of a safety improvement plan centered upon capacitation and communication. The safety plan had a positive effect as the DIFR dropped to 2,2% in December 2015.

However, an unfortunate incident occurred in which 16 staff members who were being transported to a meeting in a LDV were killed or injured due to a vehicle accident. This unusual event had the effect of increasing the DIFR to 2.38% as at June 2016. The safety plan is now being revised to further address challenges faced.

Safety information is reflected below for the reporting period: during the year under review, there were 8 fatalities and no permanent disabilities.

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	790	154	19%	158	2536414
Permanent disablement	0	0	0%	0	218214
Fatal	0	0	0%	0	
Total	790	154	19%	158	2754628
T 4.3.1					

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	% ¹	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	8645	22	603	909	9.40	517921
Skilled (Levels 3-5)	24338	25	1621	1929	12.91	1339484
Highly skilled production (levels 6-8)	14420	32	1098	1285	11.22	1251784
Highly skilled supervision (levels 9-12)	8003	28	598	718	10.22	1280935
Senior management (Levels 13-15)	1699	26	159	148	11.48	554649
MM and S57	91	9	11	8	11.38	78864
Total	57196	142	4090	4997	66.61	5023637
T 4.3.2						



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

In order to better manage absenteeism in the workplace, BCMM has initiated an absenteeism reduction project in co-operation with relevant stakeholders, such as the unions. This will result in further strategies being developed and implemented to curb absenteeism. One of the key strategies approved by Council is the implementation of an electronic attendance control (biometric) system. It is being implemented in a phased manner, the first phase being the 2013/2014 financial year, the second phase the 2014/2015 financial year and the third phase the 2015/2016 financial year

.

Injuries on duty have also proven to be a challenge: BCMM has an injury rate which is slightly above the norm. As a result, a safety plan has been implemented. Key elements of the safety plan include the following:

- Ensuring mainstreaming of safety via monthly departmental safety meetings and a monthly institutional safety meeting.
- Continuous monitoring of reporting and investigations of injuries.
- Conducting of safety education campaigns in departments.
- Conducting of safety training.
- On-going safety inspections.
- On-going screening of staff for occupational diseases.

T 4.3.4

NUMBER AND PERIOD OF SUSPENSIONS			
Positions	Nature of Alleged Misconduct and Rand Value of any loss to the Municipality	Disciplinary Action taken	Date Finalized
Traffic Officer	Assault	Increment stoppage	13/08/2015
Senior Fireman	Assault	Increment stoppage	23/09/2015
Programme Manager	Gross misconduct and gross insubordination	dismissed	30/09/2015
Assistant Manager	Negligence and Dishonesty – (No quantifiable costs)	Suspension uplifted	12/10/2015
Office Attendant	Assaulting Supervisor	Dismissed	19/10/2015
Asst. Handyman	Gross Insubordination	Increment stoppage	30/10/2015
Assistant Manager	Gross insubordination & gross negligence – (No quantifiable costs)	Case dismissed	16/02/2016
Senior Licensing Clerk	Fraud & Dishonesty – (No costs incurred on the fraudulent act)	Pending	Pending
Senior Licensing Clerk	Theft/ Misappropriation of funds – (R27 369.00)	Dismissed	04/03/2016
Clerk	Assault	Written Warning	09/02/2016
Cashier Clerk	Theft/Misappropriation of funds – (R19215)	Dismissed	
Seasonal Worker	Corruption (Indirect costs re R3000 bribery from a member of the public)	Dismissed	28/07/2016
Temporary worker	Corruption (Indirect costs re R3000 bribery from a member of the public)	Dismissed	07/03/2016
Messenger/Driver	Unauthorized use of Municipal vehicle causing an accident (Right-Off to the value of R123 000)	Dismissed	26/01/2016
City Manager	Financial Misconduct & Intimidation	Dismissed	05/09/2016
Chief Operating Officer	Financial Misconduct	Resigned	22/09/2016
Project Manager	Gross Insubordination & Insolent behavior	Contract expired	30/06/2016
Supervisor	Dishonesty, fraudulent use of fuel card to a Municipal vehicle, misuse of vehicle & violation of fleet management policy - (No quantifiable costs)	Final written warning	14/03/2016
Data Capturer	Assault/Intimidation – (No costs incurred)	Dismissed	19/05/2016
Cashier/Clerk	Theft/ Misappropriation of municipal money – (R3000.00)	Suspended and charged	Pending
Consumer Serviceman	Dishonesty & Gross Insubordination	Not guilty	09/06/2016
Rates Clerk	Theft & Fraud - (R24 000)	Dismissed	24/11/2016
Assistant Water Serviceman	Theft – (no quantifiable costs)	Pending	Pending
Supervisor	Theft – (No quantifiable costs)	Pending	Pending
Store Assistant	Theft of BCMM fuel alternative Gross Negligence – (R1 668.00)	Pending	Pending
General Manager	Gross Insubordination, gross dereliction of duties and financial misconduct – (R421 000, R60 000, R15 000, R11 000, R60 000,	Pending	Pending

NUMBER AND PERIOD OF SUSPENSIONS			
Positions	Nature of Alleged Misconduct and Rand Value of any loss to the Municipality	Disciplinary Action taken	Date Finalized
	R15 000, R1500)		
			T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
City Manager		Suspended and charged	Finalized
Chief Operating Officer		Suspended and charged	Finalized
General Manager: LED	Exceeding signing powers. Failure to exercise due diligence in dealing with the procurement of Border Cricket Stadium. Procuring service outside the approved deviation. (R421 000, R60 000, R15 000, R11 000, R60 000, R15 000, R1500)	Suspended and charged	Pending
			T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

Disciplinary Procedure and Code is in the competence of National Bargaining and parties are still negotiating the new Disciplinary Procedure and Code. Grievance Procedure and Organisational Rights are in the Main Collective Agreement signed on 9 September 2015. The Standard of Conduct is being updated for the 2016 Annual Road Shows scheduled from October – December 2016.

The Sexual Harassment Policy is under review and not yet completed for LLF consultation and Council adoption.

Disciplinary hearings still take too long to finalise due to problems relating to the appointment of presiding officers and prosecutors. The following interventions are in place to minimise the delays in finalising cases of suspension:

1. Line Managers are encouraged to serve charges simultaneously with the suspension letter and Labour Relations assists in an administration process by drafting suspension letters and charge sheets when approached to do so.
2. Labour Relations conducts Road shows on a six months basis or when required; the latest Road shows were conducted in November and December 2015.
3. Line Managers are encouraged to prioritize suspensions and to submit all required administration documents in time.
4. Labour Relations Practitioners are to ensure that disciplinary hearings are convened in the first month of the suspension in line with the suspension plan. T 4.3.7

4.4 PERFORMANCE REWARDS

BCMM has actioned the implementation of an employee performance management system over the past 3 years, whereby performance management has been introduced to all staff members. The introduction of this system has faced challenges mainly due to resistance and uncertainty by staff members.

In order to remedy this situation, BCMM has actioned an intervention plan whereby Top Management has championed the implementation and other key steps are underway. These include the procurement and implementation of an electronic performance management system addressing both the institutional performance management aspect, as well as the employee performance management aspect. Such procurement will be actioned in the next financial year.

BCMM has also strengthened its institutional capacity to roll out and administer employee performance management by appointing more staff to the relevant section.

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (Levels 3-5)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 6-8)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 9-12)	Female	0	0	0	0%
	Male	0	0	0	0%
Senior management (Levels 13-15)	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total					
Has the statutory municipal calculator been used as part of the evaluation process					Yes/No
<p>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</p>					

T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

No performance rewards were granted to employees during the 2015/2016 financial year

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

BCMM develops and implements a workplace skills plan (WSP) on an annual basis. This is based on the capacity-building and development needs identified by staff and managers, and is then effected via a training plan. BCMM submitted its WSP for the next financial year to the Local Government SETA and this WSP has been approved.

Although the above needs are identified by line managers and staff, the alignment of such needs with formal capacity development needs, identified in terms of the performance management system, is lacking. This challenge is being addressed by the implementation of an Employee Performance Management System and alignment with identified capacity gaps and interventions which are then contained in individual staff members' personal development plans (PDPs).

BCMM's approach to staff capacitation is multi-faceted and includes formal training, informal training, attendance of conferences, on-the-job training, bursaries for studies, learnerships and internships.

It has been noted that training interventions continually need to be aligned further to ensure an improvement in management and supervisory skills inclusive of disciplinary management. In order to address any challenges which may be faced in actioning such programmes, BCMM has entered into a service agreement with the National School of Government which provides managerial, leadership and administrative training to government departments.

Study bursaries are also being aligned to ensure that greater emphasis is placed upon the institutions' needs in scarce skills areas.

BCMM has also conducted successful internships with many interns being absorbed into the institution during or upon completion of such internship. Under the guidance of National Treasury, BCMM has implemented a key internship programme aimed at addressing shortages in key service delivery areas with National Treasury providing funding and monitoring the implementation of an Infrastructural Skills Development Grant Internship. This internship targets engineers, technicians and apprentices and will improve BCMM's service delivery once completed. The internship programme has already led to permanent appointment of 9 (nine) interns as staff members. National Treasury has acknowledged BCMM's progress in this internship and has agreed that BCMM appoint a further 10 interns in the next financial year in areas such as spatial and development planning.

BCMM is also scoping an organisational change management initiative, as part of its Back to Basics (B2B) programme implementation in liaison with COGTA in order to enhance the capacitation and performance of staff members, during the next financial year.

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Management level	Gender	Employees in post as at 30 June Year 2015	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training: BURSARIES			Total		
		No.	Actual: End of Year - 2014/2015	Actual: End of Year 2015/2016	Year 2016/2017 Target	Actual: End of Year - 2014/2015	Actual: End of Year 2015/2016	Year 2016/2017 Target	Actual: End of Year - 2014/2015	Actual: End of Year 2015/2016	Year 2016/2017 Target	Actual: End of Year - 2014/2015	Actual: End of Year 2015/2016	Year 2016/2017 Target
MM and s57	Female	5	1	0	0	0	0	2	0	0	0	1	0	2
	Male	6	1	0	0	0	0	3	1	0	0	2	0	3
Councillors, senior officials and managers	Female	63	2	1	4	56	15	25	3	2	15	61	18	44
	Male	132	1	1	4	64	33	40	6	1	25	71	35	65
Technicians and associate professionals*	Female	280	0	0	3	9	25	36	14	16	20	23	41	59
	Male	559	0	0	6	117	37	74	11	19	30	128	56	110
Professionals	Female	165	3	0	4	104	46	112	12	17	25	119	63	141
	Male	200	4	1	6	123	59	70	9	11	20	136	71	96
Sub total	Female	513	6	1	11	169	86	175	29	35	60	204	122	246
	Male	897	6	2	16	304	129	187	27	31	75	337	162	274
Total		1410	12	3	27	473	215	362	56	66	135	541	284	520

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	6	0	6	6	6	6
Any other financial officials	16	0	16	16	10	10
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	1	1	1
Supply chain management senior managers	2	0	2	2	2	2
TOTAL	27	0	27	27	21	21

T 4.5.2

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2015/2016							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	4	0	0	17993564	6453248	7845178	7878375	25838742	14331623
	Male	5	0	0	0	0	0	12840	0	12840
Legislators, senior officials and managers	Female	64	0	0	0	0	0	0	0	0
	Male	138	0	0	0	0	0	0	0	0
Professionals	Female	147	686250	416250	0	101578	0	450000	686250	551578
	Male	191	0	270000	0	525228	0	520000	0	1315228
Technicians and associate professionals	Female	129	8400000	306976	0	615227	0	720000	8400000	1642203
	Male	436	0	3376742	0	1280000	0	1350000	0	6006742
Clerks	Female	575		2432849		1250000		320000		4002849
	Male	199	0	0	0	103271	0	1840000	0	1943271
Service and sales workers	Female	129	0	0	0	380917	0	500000	0	880917
	Male	413	0	0	0	880000	0	120000	0	1000000
Plant and machine operators and assemblers	Female	37	0	0	0	5160	0	787160	0	792320
	Male	395	0	0	0	95000	9	400000	0	495000
Elementary occupations	Female	523	0	0	0	107020	0	300000	0	407020
	Male	1782	0	0	0	1102200	0	558375	0	1660575
Sub total	Female	1048	9086250	3156075	18679814	2459902	7845178	3077160	34924992	8274309

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2015/2016							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
	Male	1382	0	3646742	0	3985699	0	4801215	0	11225678
Total		2430	9086250	6802817	18679814	6445601	7845178	7878375	34924992	19499987
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									1,7%*	R18679814
T4.5.3										

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

BCMM has faced a challenge with staff members who are reluctant to complete annual skills audits and has thus scoped a future process whereby the capacitation needs of staff identified by both management and the staff member are recorded annually upon the personal development plan of each employee which is part of their annual performance agreement. Such process is underway, but is being backed up during this calendar year by the auctioning of a skills audit for all staff.

As explained earlier, BCMM completes a Workplace Skills Plan (WSP) and then develops a Training plan to implement such WSP. The training plan fully addresses the needs set out in the WSP. Previously the implementation of the Training plan has relied largely upon the interventions being initiated by line management. However, in order to improve the implementation thereof, all training interventions will be set down and monitored robustly by the Education Training and Development Section.

Funding provided for skills development is adequate and amounts to 1,8% of the total staff budget. Expenditure during the previous financial year did not fully meet the target for a variety of reasons. Management has revised the process of procurement of skills development interventions and is implementing steps to improve them, e.g. the training is to be actioned through the National School of Government. The return on investment of

the initiative will be reflected in the performance agreement in future as well as on a questionnaire which is used to assess such with the employee and line management.

The MFMA Competency Regulations have been actioned by BCMM. All new appointments in the categories specified by the Regulations will be required to meet the unit standards required. BCMM also has an intensive training programme to capacitate staff below the required levels in order to provide a pool of qualified candidates for future vacancies and to improve governance.

T 4.5.4

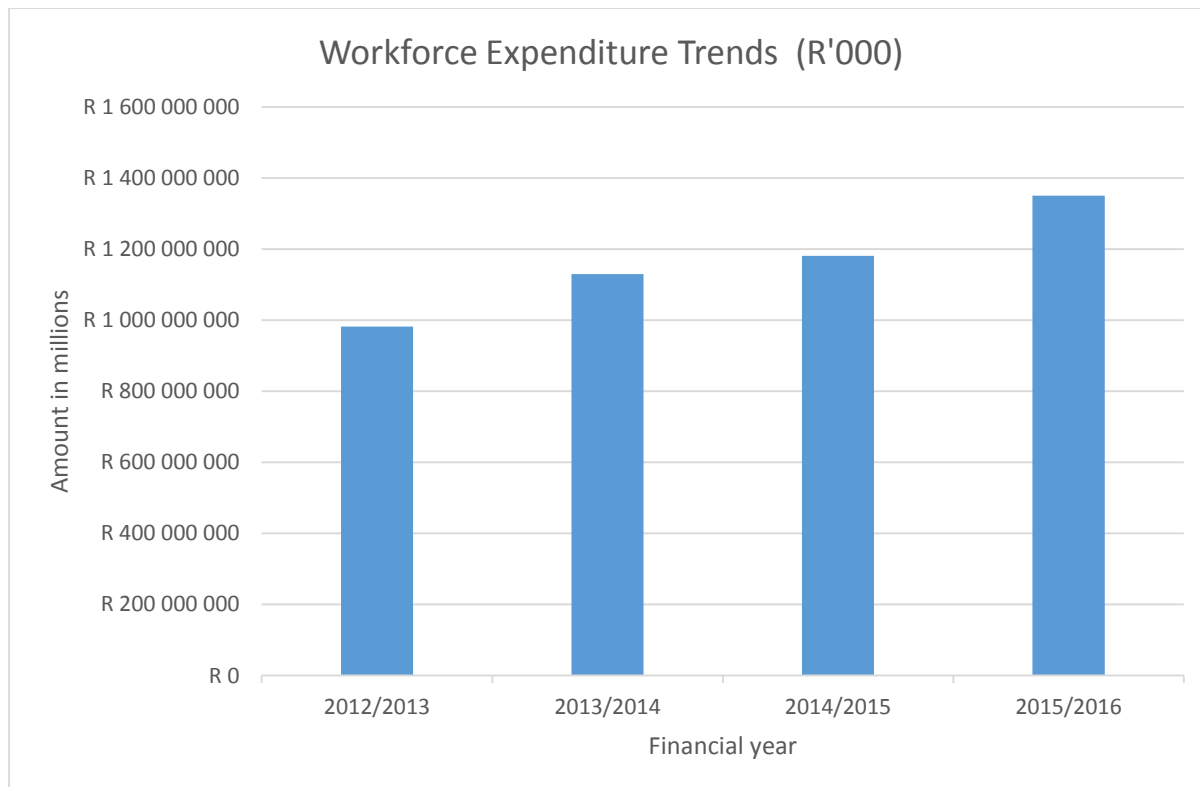
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

No performance rewards were granted to employees during the 2015/2016 financial year

T4.6.0

4.6 EMPLOYEE EXPENDITURE



T.4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

Number of employees during the 2015/2016 financial year: 4 538

Training expenditure: 1,8% of the staff budget

Overall workforce expenditure for the 2015/2016 financial year:

The increase in the overall workforce expenditure is due to the following reasons:

1. The delay in the finalisation of the HOD position as acting allowances is paid to the acting incumbents.

2. High number of secondments during the financial year which had to be stopped in February 2016.
3. An increase in the number of filled positions as compared to previous years.
4. Approved annual increase of 6,0% and other benefits

A moratorium from the Chief Financial Officer on filling vacant funded positions will assist in controlling the workforce expenditure.

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as		T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
				T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
				T 4.6.4

**COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH
NORMAL PRACTICE:**

No job evaluation was conducted under the year in review hence the following applies:

T.4.6.2 no employee salaries were increased due to their position being upgraded as reflected in the table.

T4.6.3 no employees whose salary levels exceeded the grade determined by Job Evaluation.

T.4.6.4 All permanent employees are appointed against an approved position on the approved structure.

T 4.6.5

DISCLOSURE OF FINANCIAL INTEREST

Disclosure of the financial interest of employees are contained in Appendix J

T 4.6.6

CHAPTER 5

FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The Annual Financial Statements reflect the continued progress being made by the Municipality to ensure a financially viable institution, which can withstand a certain degree of financial volatility and continue to operate for the benefit of its inhabitants. Government grants and subsidies have contributed to the significant increase in revenue, resulting in an improved capital spend occurring within the Municipality. This is particularly important as it has a direct impact on service delivery to BCMMs constituent community.

BCMM is exposed to continued inflationary pressures and continues to attempt to manage these pressures through cost containment initiatives. These ongoing initiatives attempt to alleviate any undue pressure being placed on the community.

An area of particular concern is the need to increase spending on the maintenance of assets so as to enable them to achieve their full estimated useful lives. The Metro has recognised that it is imperative for additional funding to be provided in the repairs and maintenance budget to address this need.

The 5 most significant employed consultants during the 2015/2016 financial year are as follows:

1. Eyabantu Professional services CC, appointed to provide specialist services for Mdantsane Electrical Network Maintenance Project Co-ordinator for a period of three years. BCMM is obligated to maintain and safely manage the electrical network within the City in accordance with the Occupational Health and Safety Act and Buffalo City's electrical By-laws. The municipality does not currently have the in house man-power or the resources to effectively and safely maintain the electrical network in

Mdantsane. BCMM engaged a Project Coordinator for a three year period to manage, maintain and be responsible for the electrical infrastructure in Mdantsane.

2. KPMG Services Pty Ltd, appointed to design, manage, oversee and implement mSCOA on all Financial Systems of the city for a period of 3 years. The Service provider has two years remaining in the contract with BCMM.
3. I @ Consulting (Pty) Ltd, appointed to provide specialist services for Immovable Asset Management and Related Built Environmental and Financial Services. The service provider is undertaking backlog studies. Assist with the implementation of the quarterly fixed asset registers for infrastructure assets. Preparing Asset Management Plans as well as a Comprehensive Municipal Infrastructure Plan. Assisting with the componentisation of completed infrastructure assets. Quarterly fixed asset registers are produced. Backlog studies and draft Asset Management Plans for infrastructure assets prepared. Project is not fully complete as in the final year of a 3 year appointment.
4. Automated Fuel Systems Group (PTY) LTD, appointed to provide specialist services for Supply, Installation, Maintenance and Support of Integrated Electric Fuel and Management for BCMM.
5. Empire Praxis JV, appointed to provide specialist services for the Supply, Implementation, Support and Maintenance of an Electronic Procurement System.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

*Note: Statements of Revenue Collection Performance by vote and by source are included in **Appendix K**.*

The surplus for the year is R687 million, which is an unfavourable variance of R164 m in comparison to the budgeted surplus of R851 million.

Revenue

Total revenue generated was below the expected budget expectations and a decline in revenue amounting to R241 million was received. This unfavourable variance results from:

Property rates revenue totalled R865 million which was below the budgeted amount by R58 million.

Service charges totalled R2.8 billion which was below the budgeted amount by R51 million.

Investment revenue totalled R187 million which was above the budgeted revenue by R34 million. The institution had budgeted to incur expenditure from conditional grant funding from an earlier point in the financial year. This did not occur, resulting in conditional grant funding being available for investment and resulting in additional unbudgeted interest income.

Transfers recognised – operational totalled R964 million which was R115 million below the budgeted revenue of R1.1 Billion.

Own revenue totalled R682 million which was R52 million below the budgeted revenue of R733 million.

Expenditure

Total expenditure totalled R5.5 billion in comparison to a budget of R5.7 billion, thus resulting in a favourable variance of R224 million. The largest contributors to this variance were the employee cost which was R87 million below the budget, debt impairment which was R168 thousand below the budget.

Depreciation and asset impairment was R49 million below the budget, Finance charges were R435 thousand below the budget, Materials and bulk purchases were R794 thousand below the budget.

Transfers & grants were R11 million below the budgeted expenditure and other expenditure was R76 million below the budgeted expenditure.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary															
Description	2015/2016											2014/2015			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	903 413	19 893	923 306			923 306	865 235		(58 071)	94%	-6%				794 519
Service charges	2 686 741	113 500	2 800 241			2 800 241	2 749 648		(50 593)	98%	-2%				2 424 753
Investment revenue	133 620	20 000	153 620			153 620	187 436		33 816	122%	25%				159 221
Transfers recognised - operational	1 249 333	(171 070)	1 078 263			1 078 263	963 670		(114 593)	89%	-9%				948 513
Other own revenue	746 500	(13 000)	733 500			733 500	681 802		(51 698)	93%	-7%				630 484
Total Revenue (excluding capital transfers and contributions)	5 719 607	(30 677)	5 688 930	-	-	5 688 930	5 447 791	-	(241 139)	96%	-4%				4 957 490
Employee costs	1 387 619	51 453	1 439 072			1 439 072	1 352 201		(86 871)	94%	-6%				1 233 305
Remuneration of councillors	52 910	900	53 810			53 810	54 375		565	101%	1%				48 360
Debt impairment	245 009	(34 730)	210 279			210 279	210 111		(168)	100%	0%				365 110
Depreciation & asset impairment	712 213	126 317	838 530			838 530	789 811		(48 718)	94%	-7%				685 336
Finance charges	54 313	1 000	55 313			55 313	54 878		(435)	99%	-1%				60 674
Materials and bulk purchases	1 377 012	51 100	1 428 112			1 428 112	1 427 318		(794)	100%	0%				1 213 642
Transfers and grants	258 568	(10 000)	248 568			248 568	237 321		(11 247)	95%	-4%				234 151
Other expenditure	1 631 041	(216 717)	1 414 324			1 414 324	1 338 420		(75 904)	95%	-5%				1 385 259
Total Expenditure	5 718 685	(30 677)	5 688 008	-	-	5 688 008	5 464 435	-	(223 573)	96%	-4%				5 225 837
Surplus/(Deficit)	922	(0)	922	-	-	922	(16 644)	-	(17 566)	-1805%	-1905%				(268 346)
Transfers recognised - capital	850 353	(69 882)	780 471			780 471	670 394		(110 077)	86%	-13%				615 492
Contributions recognised - capital & contributed assets	-	-	-			-	-		-	0%	0%				-
Surplus/(Deficit) after capital transfers & contributions	851 275	(69 882)	781 393	-	-	781 393	653 750	-	(127 643)	84%	-15%				347 146
Share of surplus/ (deficit) of associate	-	-	-			-	30 383		30 383	0%	0%				22 359
Taxation	-	-	-			-	-		-	0%	0%				-
Surplus/(Deficit) for the year	851 275	(69 882)	781 393	-	-	781 393	684 133	-	(97 260)	88%	-11%				369 505
Capital expenditure & funds sources															
Capital expenditure	1 275 354	105 923	1 381 277			1 381 277	1 186 373		(194 904)	86%	-15%				930 050
Transfers recognised - capital	850 353	(70 341)	780 012			780 012	670 394		(109 618)	86%	-13%				615 492
Public contributions & donations	-	459	459			459	-		(459)	0%	0%				-
Borrowing	-	-	-			-	-		-	0%	0%				-
Internally generated funds	425 002	175 804	600 806			600 806	515 979		(84 827)	86%	-20%				314 558
Total sources of capital funds	1 275 354	105 923	1 381 277			1 381 277	1 186 373		194 904	86%	15%				930 050
Cash flows															
Net cash from (used) operating	1 350 929	267 691	1 618 620			1 618 620	1 395 072		(223 548)	86%	-17%				1 013 101
Net cash from (used) investing	(1 275 354)	(105 923)	(1 381 277)			(1 381 277)	(1 175 532)		205 744	85%	-16%				(923 323)
Net cash from (used) financing	(46 097)	-	(46 097)			(46 097)	(44 499)		1 598	97%	-3%				(53 669)
Net increase/ (decrease) in cash held	29 477	161 768	191 246			191 246	175 041		(16 205)	92%	-55%				36 108
Cash / cash equivalents at the year begin	2 353 956	(155 159)	2 198 797			2 198 797	2 200 541		-	100%	0%				2 164 433
Cash/cash equivalents at the year end	2 383 434	6 609	2 390 043			2 390 043	2 375 582		(16 205)	99%	-1%				2 200 541

T 5.1.1

Financial Performance of Operational Services						
R '000						
Description	2014/15	2015/16			2015/16 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	575 662	503 337	501 337	636 909	21%	21%
Waste Water (Sanitation)	371 722	362 232	430 731	368 775	2%	-17%
Electricity	1 481 918	1 625 904	1 749 104	1 573 173	-3%	-11%
Waste Management	300 184	290 196	306 669	336 495	14%	9%
Housing	218 617	571 731	331 888	216 633	-164%	-53%
Component A: sub-total: Basic Services - sub-total	2 948 102	3 353 400	3 319 729	3 131 984	-7%	-6%
Waste Water (Stormwater Drainage)	353 831	-	-	-	0%	0%
Roads	73 157	483 495	467 060	523 315	8%	11%
Transport	19 252	44 391	44 391	21 271	-109%	-109%
Component B: sub-total: Road Transport	446 239	527 886	511 451	544 586	3%	6%
Planning	173 420	190 873	216 525	158 932	-20%	-36%
Local Economic Development	48 804	22 835	40 325	40 107	43%	-1%
Component C: sub-total: Planning and Development	222 223	213 708	256 850	199 039	-7%	-29%
Libraries, Archives, Museums, Galleries, Community Facilities etc	59 440	41 913	81 587	98 331	57.37%	17.03%
Cemeteries and Crematoriums	28 658	28 614	29 724	33 318	14.12%	10.79%
Child Care, Aged Care, Social Programmes	-	22 792	25 129	46 284	0.00%	0.00%
Component D: Community and Social Services - sub-total	88 098	93 320	136 441	177 933	47.55%	23.32%
Pollution Control	1 423	-	-	-	0.00%	0.00%
Bio-Diversity, Landscape and Other	100 815	101 739	105 684	107 629	0.00%	0.00%
Component E: Environmental Protection - sub-total	102 238	101 739	105 684	107 629	5.47%	1.81%
Clinics	846	1 639	1 639	-	0.00%	0.00%
Ambulance Service	-	-	-	-	0.00%	0.00%
Health Inspection, Food and Abattoir Licensing and Inspection	28 678	28 960	34 025	30 925	6.36%	-10.02%
Component F: Health - sub-total	29 524	30 598	35 664	30 925	1.06%	-15.32%
Traffic Services & Law Enforcement	157 341	130 896	181 388	178 054	26.49%	-1.87%
Fire	71 282	83 921	87 300	84 984	1.25%	-2.72%
Other (Disaster Management, Animal Licencing and Control etc	2 751	4 458	3 994	3 219	-38.49%	-24.07%
Component G: Security and Safety - sub-total	231 375	219 275	272 682	266 258	17.65%	-2.41%
Sport and Recreation	78 789	74 147	74 147	74 197	0.07%	0.07%
Component H: Sport and Recreation - sub-total	78 789	74 147	74 147	74 197	0.07%	0.07%
Executive and Council	154 452	194 037	196 804	230 847	15.95%	14.75%
Financial Services	551 658	466 958	452 404	470 427	0.74%	3.83%
Human Resources Services	33 223	72 355	40 043	32 105	-125.37%	-24.72%
Information and Communication Technology	40 750	62 289	79 447	63 274	1.56%	-25.56%
Property, Legal, Risk Management and Procurement Services	195 774	292 123	189 526	119 366	-144.73%	-58.78%
Component I: Policy Offices and Other sub-total	975 857	1 087 762	958 223	916 019	-18.75%	-4.61%
Other (Markets)	-	16 851	17 138	15 865	-6.22%	-8.02%
Component J: Other sub-total	-	16 851	17 138	15 865	-6.22%	-8.02%
Total Expenditure	5 122 444	5 718 685	5 688 008	5 464 435	-5%	-4%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.					T 5.1.2	

COMMENT ON FINANCIAL PERFORMANCE:

COMMENTS ON MATERIAL VARIANCES (SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS FINAL BUDGET):

REVENUE BY SOURCE

(i) Investment Revenue

The variance of 140% is due to the institution budgeting to incur expenditure from conditional grant funding from an earlier point in the financial year. This did not occur resulting in conditional grant funding being available for investment resulting in additional unbudgeted interest income.

EXPENDITURE BY TYPE

(i) Debt Impairment

The decrease in the debt impairment indicates that total debt impairment in the current year was less than in the 2014/2015 financial year. The decrease was as a result of debtors taking advantage of the debt incentive scheme by making arrangements to pay their accounts. Although the institution has provided for consumer debts in terms of the institution debt impairment procedure, the institution continues to attempt to investigate and recover amounts from those consumers who are in a position to settle their outstanding balances.

(ii) Other Expenditure

The decrease in other expenditure is as a result of low expenditure on operating projects.

T 5.1.3

5.2 GRANTS

A. Introduction to Total Operating Expenditure on Transfers and Grants

The grant performance table below provides a summary of operating transfers and grants. The operating transfers and grants performance total to R 963.67 million (R971.39 million inclusive of VAT).

Grant Performance						
R' 000						
Description	2014/2015	2015/2016			2015/2016 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	743 207	714 196	780 435	763 536	6%	-2%
Infrastructure Skills Development	5 376	8 400	8 400	4 186	-101%	-101%
Finance Management	1 474	1 300	1 180	1 194	-9%	1%
Expanded Public Works Programme Inc	1 596	1 149	1 149	1 034	-11%	-11%
Equitable Share	656 674	655 141	655 141	655 141	0%	0%
Municipal Human Settlement Capacity Grant	–	9 253	8 153	3 198	-189%	-155%
Integrated City Development Grant	–	5 605	–	–	0%	0%
Urban Settlement Development	78 087	33 348	106 412	98 783	66%	-8%
Provincial Government:	200 665	531 687	294 246	197 710	-169%	-49%
Roads Subsidy - Provincial Roads	–	1 871	–	–	0%	0%
Health Subsidy - ATIC	–	2 522	–	–	0%	0%
Library Subsidy	–	3 638	9 638	9 638	62%	0%
Dept of Environmental Affairs and Tourism	3 462	–	–	–	0%	0%
Local Govt & Traditional Affairs	5 587	2 000	3 770	3 130	36%	-20%
Dept of Human Settlement	191 598	521 656	280 041	184 186	-183%	-52%
Dept of Sport, Rec, Arts and Culture	–	–	31	30	100%	-3%
Dept of Land Affairs	19	–	766	727	100%	-5%
District Municipality:	1 004	–	–	–	0%	0%
Health Subsidy-Environmental Health	1 004	–	–	–	0%	0%
Other grant providers:	3 387	3 451	3 582	2 424	-42%	-48%
SETA - Skills Development	2 324	3 451	2 989	2 309	-49%	-29%
Trust Funds	546	–	122	–	0%	0%
Vuna Awards	9	–	–	–	0%	0%
European Commission	–	–	340	–	0%	0%
Umsobomvu Youth Fund	467	–	131	116	100%	-14%
Leiden / Gavle	41	–	–	–	0%	0%
Total Operating Transfers and Grants	948 263	1 249 333	1 078 263	963 670	-30%	-12%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						
T 5.2.1						

B. Introduction to Total Capital Expenditure on Transfers and Grants

The grant performance table below provides a summary of capital transfers and grants. The capital transfers and grants performance total to R 670.39 million (R 744.22 million inclusive of VAT).

The grant performance table below provides a summary of capital transfers and grants.

Grant Performance						
R' 000						
Description	2014/2015	2015/2016			2015/2016 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Capital Transfers and Grants						
National Government:	565 914	742 884	690 049	596 567	-25%	-16%
Integrated National Electrification Programme	20 577	30 000	30 000	10 517	-1.8524624	-185%
Electricity Demand Side Management	–	13 000	4 000	3 998	-225%	0%
Neighbourhood Development Partnership Grant	4 885	20 000	–	–	0%	0%
Infrastructure Skills Development	–	100	100	88	-13%	-13%
Finance Management	–	–	120	102	100%	-17%
Municipal Human Settlement Capacity Grant	–	–	1 100	83	100%	-1222%
Integrated City Development Grant	–	–	5 605	4 908	100%	-14%
Urban Settlement Development	540 452	679 784	649 124	576 870	-18%	-13%
Provincial Government:	49 322	107 469	89 963	73 827	-46%	-22%
Department of Sport, Arts and Culture	1 377	–	8 014	3 603	100%	-122%
Dept of Eco Dev, Environ Affairs & Tourism	117	–	–	–	0%	0%
Human Settlement Development Grant - MPCC	–	13 069	–	–	0%	0%
Local Govt & Traditional Affairs	179	–	9 036	–	0%	0%
Dept of Human Settlement	47 650	94 400	72 913	70 224	-34%	-4%
District Municipality:	–	–	–	–	0%	0%
Health Subsidy-Environmental Health	–	–	–	–	0%	0%
Other grant providers:	256	–	459	–	0%	0%
Gavle	–	–	459	–	0%	0%
BCMET Funding	256	–	–	–	0%	0%
Total Capital Transfers and Grants	615 492	850 353	780 471	670 394	-27%	-16%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Local Government Financial Management Grant

To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Integrated National Electrification Programme

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

Energy Efficiency and Demand Side Management Grant

To implement the Electricity Demand Side Management (EDSM) programme by providing subsidies to Municipalities to address energy efficiency within the Electrical network, including all types of loads such as in residential dwellings, street lighting and communities in order to mitigate the burden on the National Electricity Demand and the risk of load shedding and supply interruptions.

Infrastructure Skills Development

To strengthen the capacity of local government to effectively and efficiently deliver quality infrastructure, by increasing the pool of skills available and to facilitate lifelong learning and the transfer of knowledge to municipalities. To sustain infrastructure related capacity in local government.

Expanded Public Works Programme (EPWP)

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in compliance with the EPWP guidelines. To improve the quality of life of poor people and to increase social stability through engaging the unemployed in productive activities.

Urban Settlement Development

To assist metropolitan municipalities to improve urban land production to the benefit of poor households, by supplementing the revenues of metropolitan municipalities to:
reduce the real average cost of urban land, increase the supply of well-located land, enhance tenure security and quality of life in informal settlements, improve spatial densities and to subsidise the capital costs of acquiring land and providing basic services for poor households.

Housing - Human Settlement Development Grant

The grant is utilized for the construction of top structures (construction of the dwelling except for internal services infrastructure) for human settlement developments. The spending of this grant depends predominantly on bulk infrastructure being installed. The funding will be utilized over the medium term.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2014/2015	Actual Grant 2015/2016	2015/2016 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
Department of Human Settlements	106 798	90 776	–	N/A	–	The creation of sustainable and integrated human settlements that enable an improved quality of household life and access to basic services
Foreign Governments/Development Aid Agencies						
Salauda/ Gavle	648	41	–	N/A	–	An inter-governmental agreement aimed at poverty alleviation and sustained development.
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Provide a comprehensive response to this schedule						<i>T 5.2.3</i>

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Department of Land Affairs

BCMM acts as an agent for the Department of Land Affairs with regard to land claims. Any payment from this grant needs to be requested by the Department of Land Affairs

T 5.2.4

INTRODUCTION TO ASSET MANAGEMENT

BCMM's Management Team has continued to ensure that a strong asset management function is implemented. The following initiatives and principles were in place during the year under review:

Management recognised the importance of optimal investment into the Metro's asset base and of ensuring that the investment maintained in working capital is kept to a minimum.

The credit control policy was actively implemented, so as to encourage consumers to settle amounts owing to the Institution in a timely manner.

BCMM is currently reviewing the value of inventory held, and investing in the interface of electronic reporting systems so as to reduce the value held and the inventory to a level which would allow for the institution to operate efficiently without over-committing resources to slow-moving inventory items.

The need to focus on infrastructure replacement, in order to reduce electricity and water losses and in turn improve efficiency of the organization, has been recognised and a strategy to this end has been adopted and is being implemented. This process will continue in the new financial year with funds being allocated for the replacement of aging infrastructure assets.

Structure of Asset Management

BCMM has approved two sections of assets in its organogram, being the Asset Reporting and Insurance wing, which deals mainly with financial reporting of assets, and the Corporate Asset Management section which is focused at technical asset issues including repairs and maintenance thereof.

The Asset Reporting section is further broken down into Infrastructure and Movables, reporting to one Programme Manager who reports to the General Manager for

Expenditure and Financial Reporting. Both sub sections are capacitated with different levels of staff, ranging from chief accountant to clerks.

Corporate asset management structure has been approved and the municipality is in the process of appointing qualified and suitable staff to enable full function of this division.

A service provider was appointed for a period of 3 years, expiring in August 2017 to assist with performing functions of this division. It has not been possible for the service provider to transfer skills as the structure has not been populated as yet. However, a contract with the service provider includes transfer of skills as a deliverable. With regard to property management, skills have been transferred to the relevant staff.

The institution is in the process to source an integrated asset management system.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2015/16				
Asset 1				
Name	Property, Plant, Equipment			
Description	Upgrading of Mdantsane Roads			
Asset Type	Roads			
Key Staff Involved				
Staff Responsibilities				
	2012/13	2013/14	2014/15	2015/16
Asset Value	45 686	81 230	90 610	59 996
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset	Asset Management Plan in place			
Asset 2				
Name	Property, Plant, Equipment			
Description	Bulk Sanitation Provision programme			
Asset Type	Sanitation			
Key Staff Involved				
Staff Responsibilities				
	2012/13	2013/14	2014/15	2015/16
Asset Value	65 980	65 980	104 928	130 266
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Property, Plant, Equipment			
Description	Urban roads Upgrade			
Asset Type	Roads			
Key Staff Involved				
Staff Responsibilities				
	2012/13	2013/14	2014/15	2015/16
Asset Value	55 748 616	55 749	70 876	101 042
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

COMMENT ON ASSET MANAGEMENT:

Improving asset management continues to be a focus for BCMM, as it is the area from which services are delivered to the inhabitants of the Municipality and subsequently the primary area of revenue generation. The Metro has engaged a service provider to assist with asset management and reporting, including the review and updating of the Infrastructure Asset Management Policy and Valuation Guide which was performed

during the financial year and utilized in the preparation of the 2015/2016 Annual Financial Statements.

In deciding which projects to implement, the relevant BCMM departments undertake needs analyses to establish the communities' priority needs. This information is then fed into the IDP and used to make informed decisions with regard to which assets require prioritisation.

In compliance with section 19 of the Municipal Finance Management Act, a capital project is only approved if the funding has been appropriated in the capital budget and the project has been approved by the council. Furthermore, as stated in section 19, sources of funding are considered available and have not been committed for other purposes.

The departments implementing projects ensure there are project files specifying all technical documentation supporting the project. These files are readily available for audit inspection.

Tariffs are calculated to allow for adequate revenue collection to ensure the allocation of capital replacement costs, through the charging of depreciation, as well as maintenance costs. The revenue generated together with the operational grants received allows for the institution to undertake maintenance on capital infrastructure and allows for the replacement of existing aged infrastructure.

T 5.3.3

Repair and Maintenance Expenditure: Year 2015/2016				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	372 010	351 910	350 106	6%
<i>T 5.3.4</i>				

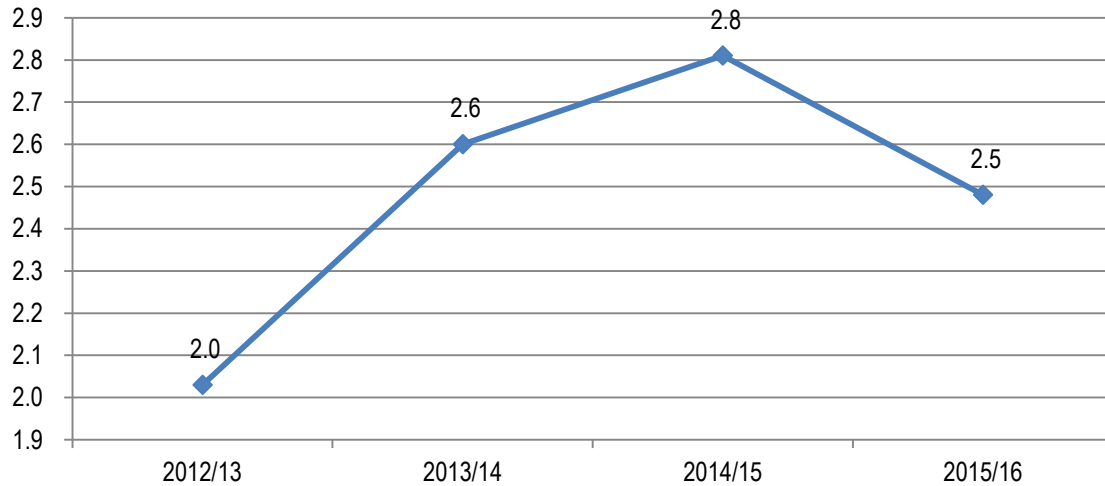
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

BCMM spent 99% of its repairs and maintenance budget during the year under review. This was spent primarily on infrastructure maintenance. The under-spending of 1% is on the allocation for furniture, equipment and building maintenance which is spent as and when required.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

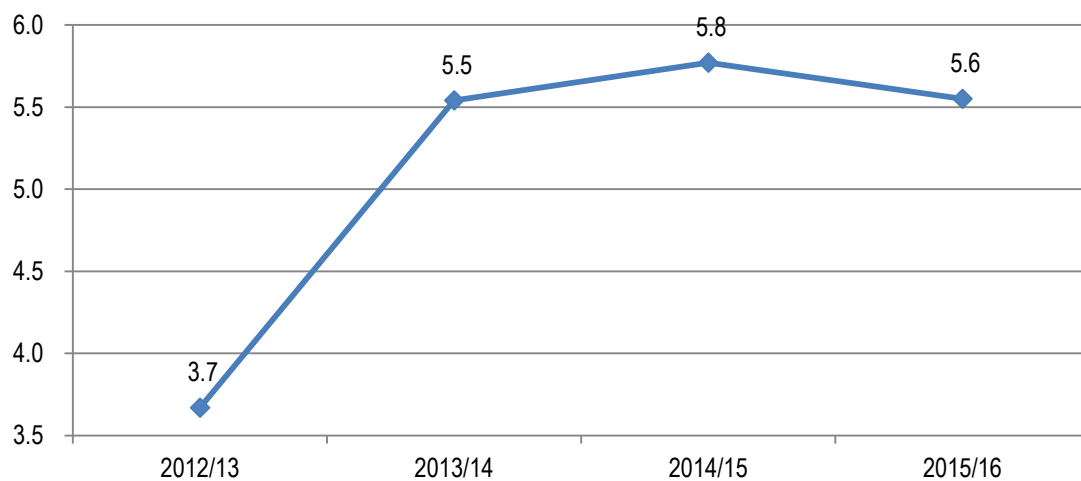
Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better. Data used from Pre-Audit Annual Financial Statements.

T 5.4.1

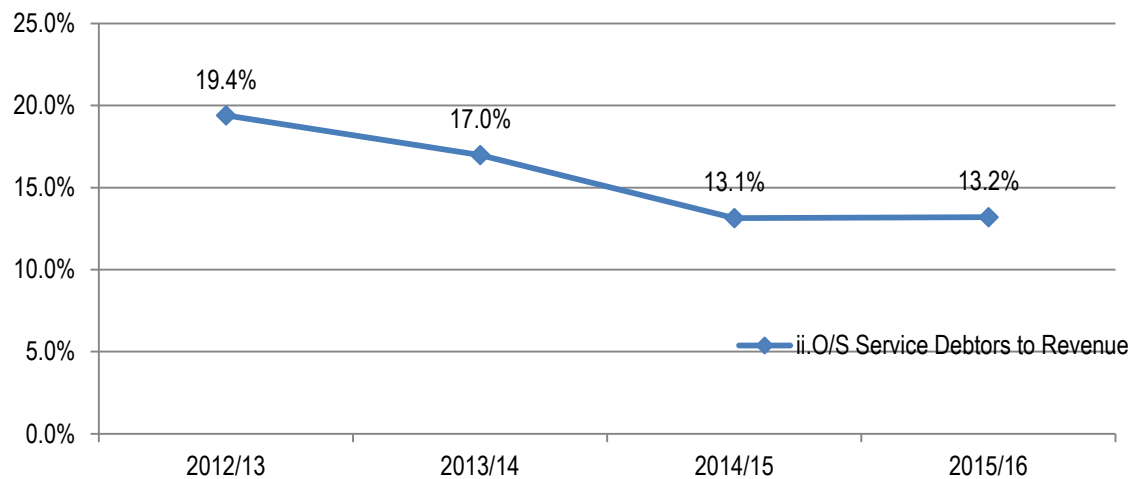
Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated. Data used from Pre - Audit Annual Financial Statements.

T 5.4.2

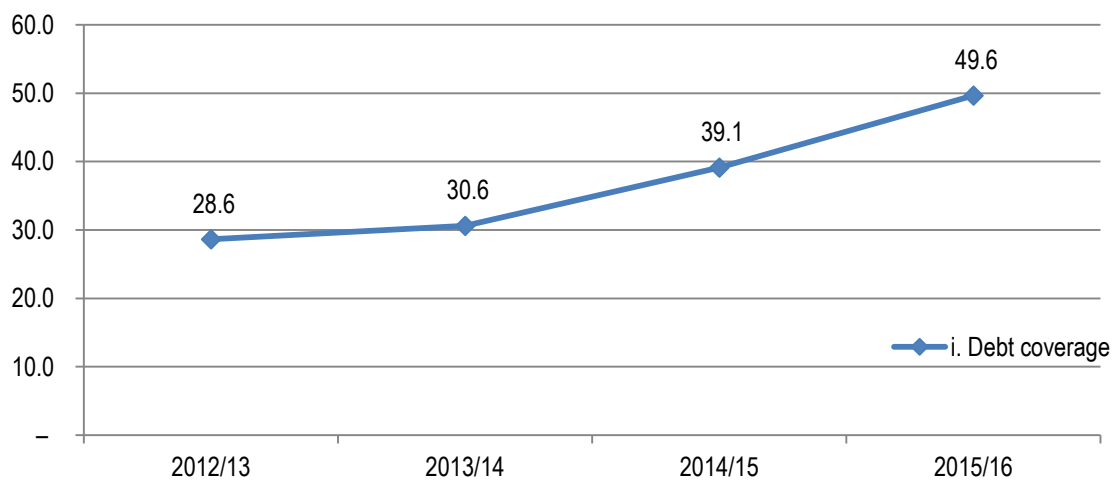
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better. Data used from Pre - Audit Annual Financial Statements

T 5.4.3

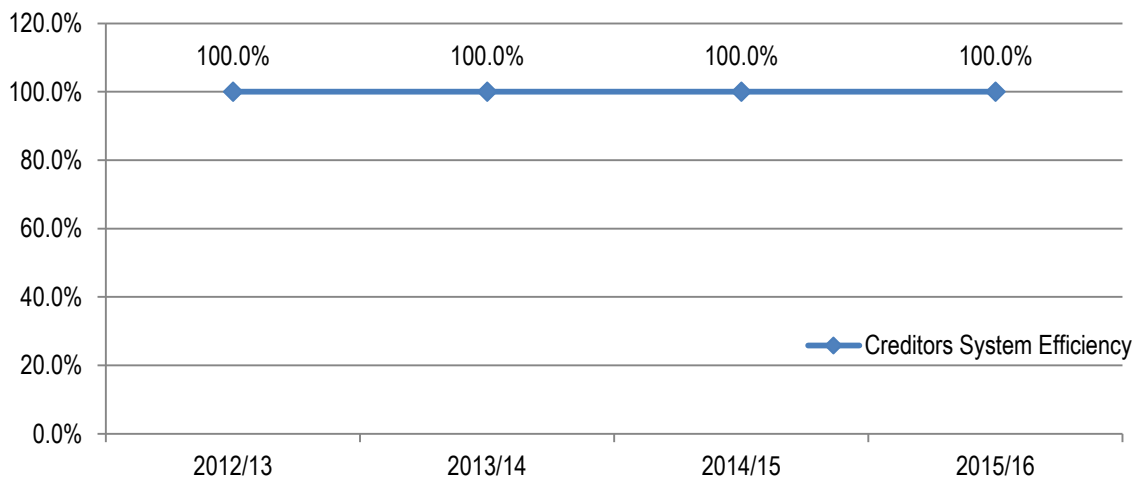
Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality. Data used from Pre - Audit Annual Financial Statements.

T 5.4.4

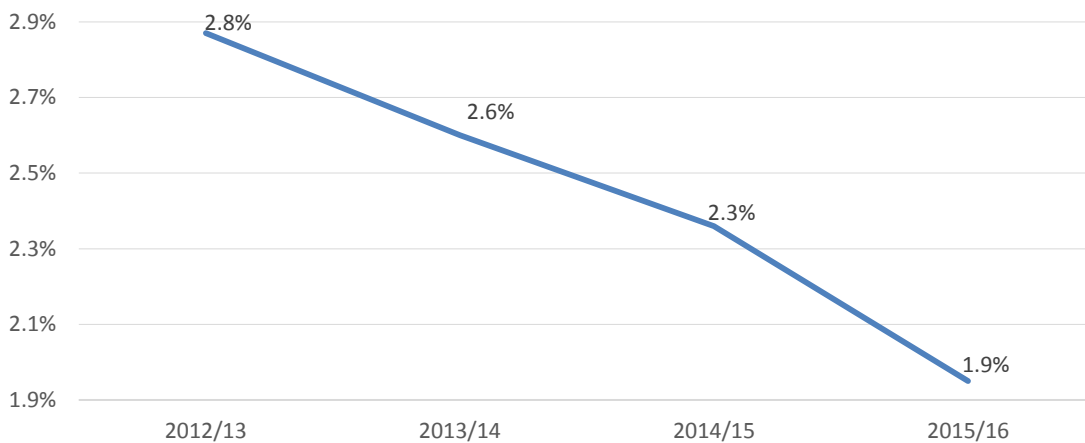
Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases. Data used from Pre - Audit Annual Financial Statements.

T 5.4.5

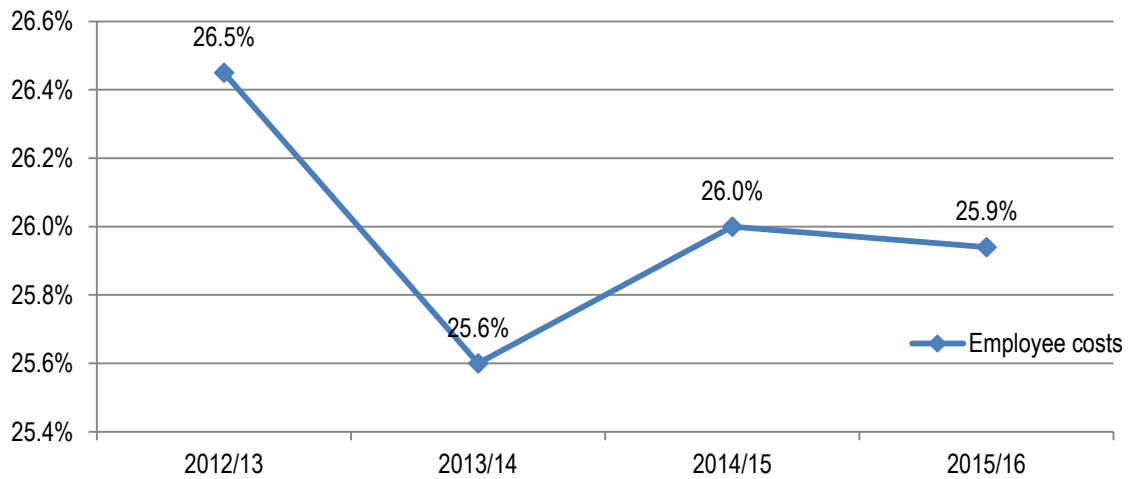
Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principal paid by the total operating expenditure. Data used from Pre - Audit Annual Financial Statements.

T 5.4.6

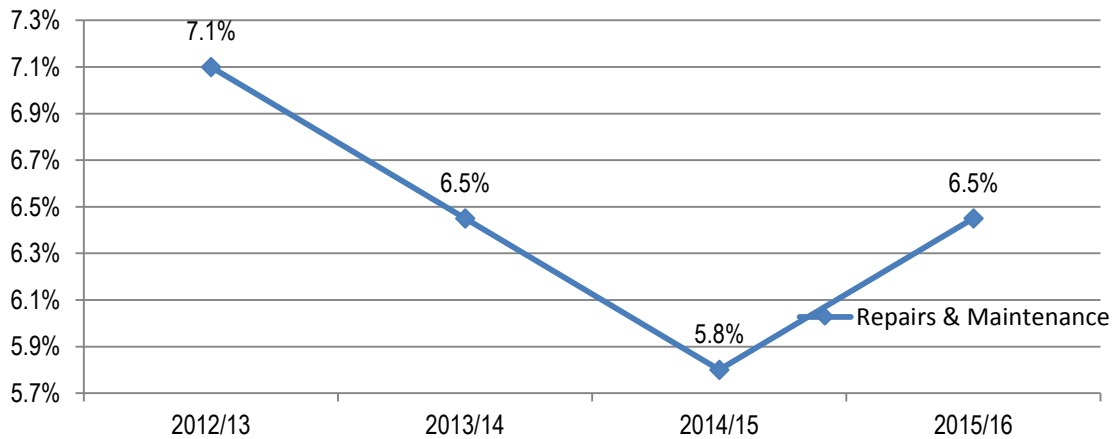
Employee Costs



Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue. Data used from Pre - Audit Annual Financial Statements.

T 5.4.7

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. Data used from Pre - Audit Annual Financial Statements.

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

Liquidity Ratio: The rate of 2.5: 1 is regarded as being above the norm of 2: 1. The Current Liabilities have increased at a greater rate than the Current Asset. This indicates that the Metro's ability to pay Current Liabilities with available Current Assets is in a strong position. The norm is set at 2: 1, so the Metro's Liquidity Ratio is above the Municipal Industry norm.

Cost Coverage: This rate has improved over the past year and currently is at 6.23 months, representing how many months expenditure can be covered by cash and other liquid assets available to the Metro. The range / norm is 1-3 months. BCMM is above the norm and this translates to healthy cash reserves that the municipality has to fund monthly fixed operational expenditure.

Total Outstanding Service Debtors: The rate of outstanding debt has stabilised when compared with last year and is currently at 13.3%. Outstanding debtors continue to be a focus for the Metro which is continuously implementing methods to decrease this rate to within a manageable range.

Debt Coverage: This rate continues to improve increasing from 40.5 (2014/15) to 50.1 (2015/16) during the current year. This indicates that the Metro long-term debt is decreasing and is due the Metro not taking up additional loan funding during 2015/16.

Efficiency: The Metro maintains its policy to pay its top 20 creditors within 30 days. The constant 100% payment levels to creditors highlights this achievement.

Capital Charges to Operating Expenditure: The rate has decreased due to no new borrowings being incurred by the Metro. The rate currently is 1.9%. BCMM is currently in the process of taking up new loan facility which will have a direct impact on this ratio.

Employee Costs as a percentage of Operating Revenue: The rate of 25.7% is between the norm of 25% - 40%.

Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions): The rate remains below the norm of 10% for municipalities. The

rate had improved to 6.4% currently. The City is augmenting its assets maintenance programme by use of its own funding towards capital investment on renew of existing assets.

T 5.4.9

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

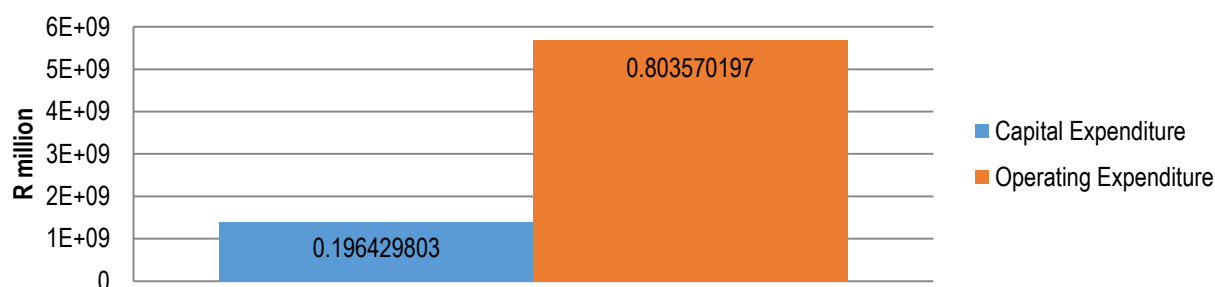
For the 2015/2016 financial year an amount of R209 million has been allocated for the waste water infrastructure and 82% inclusive of vat has been spent, R364 million for roads transport has been allocated and 100% inclusive of vat has been spent, R171 million for electricity has been allocated and 88% inclusive of vat has been spent and R126 million for water has been allocated and 99% inclusive of vat has been spent. These infrastructure programs represent 63% of the total capital budget.

Renewal of existing assets represent 61.2% (R845 million) of the total capital budget while new asset renewal equates to 38.8% (R536 million) in the 2015/16 financial year. Eighty six percent (86%) inclusive of vat of the allocated budget for the renewal of existing assets has been spent and 83% inclusive of vat has been spent on the allocated budget for new assets renewal.

T 5.5.0

5.5 CAPITAL EXPENDITURE

Capital Expenditure: 2015/2016



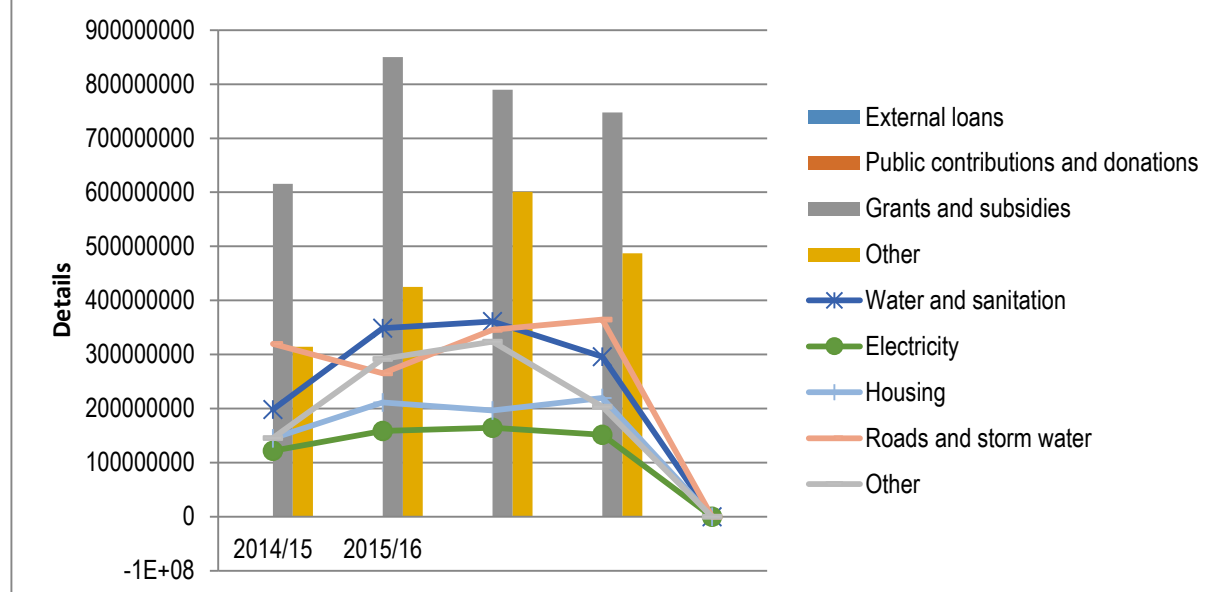
R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	1 275	1 381	1 186	7.0%	14.1%
Operating Expenditure	5 719	5 688	5 464	4.4%	3.9%
Total expenditure	6 994	7 069	6 651	4.9%	5.9%
Water and sanitation	349	335	275	21.2%	17.8%
Electricity	159	171	147	7.5%	14.5%
Housing	211	229	203	4.0%	11.5%
Roads, Pavements, Bridges and storm water	265	364	337	-27.0%	7.5%
Other	291	282	225	22.8%	20.2%
	1 275	1 381	1 186	7.0%	14.1%
External Loans	—	—	—	—	—
Internal contributions	425	601	516	-21.4%	14.1%
Grants and subsidies	850	780	670	21.2%	14.1%
Other	—	—	—	—	—
	1 275	1 381	1 186	7.0%	14.1%
External Loans	—	—	—	—	—
Grants and subsidies	850	780	670	21.2%	14.1%
Investments Redeemed	—	—	—	—	—
Statutory Receipts (including VAT)	—	—	—	—	—
Other Receipts	—	—	—	—	—
	850	780	670	21.2%	14.1%
Salaries, wages and allowances	—	—	—	—	—
Cash and creditor payments	—	—	—	—	—
Capital payments	—	—	—	—	—
Investments made	—	—	—	—	—
External loans repaid	—	—	—	—	—
Statutory Payments (including VAT)	—	—	—	—	—
Other payments	—	—	—	—	—
	—	—	—	—	—
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	903	923	865	4.2%	6.3%
Service charges	2 687	2 800	2 750	-2.3%	1.8%
Other own revenue	2 129	1 965	1 833	13.9%	6.7%
	5 720	5 688	5 448	4.8%	4.2%
Employee related costs	1 388	1 439	1 352	2.6%	6.0%
Provision for working capital	—	—	—	—	—
Repairs and maintenance	372	352	350	5.9%	0.5%
Bulk purchases	1 377	1 428	1 427	-3.7%	0.1%
Other expenditure	2 582	2 469	2 335	9.6%	5.4%
	5 719	5 688	5 464	4.4%	3.9%
Service charges: Electricity	1 659	1 759	1 694	-2.1%	3.7%
Grants & subsidies: Electricity	43	43	43	0.0%	0.0%
Other revenue: Electricity	122	70	34	72.0%	51.5%
	1 824	1 872	1 771	2.9%	5.4%
Employee related costs: Electricity	79	81	73	6.8%	10.0%
Provision for working capital: Electricity	—	—	—	—	—
Repairs and maintenance: Electricity	113	105	100	11.1%	4.9%
Bulk purchases: Electricity	1 191	1 242	1 242	-4.3%	0.0%
Other expenditure: Electricity	244	237	158	35.2%	33.3%
	1 626	1 665	1 573	3.2%	5.5%
Service charges: Water	411	425	425	-3.4%	0.0%
Grants & subsidies: Water	70	70	70	0.0%	0.0%
Other revenue: Water	80	26	15	81.8%	43.5%
	562	522	510	9.2%	2.2%
Employee related costs: Water	85	87	87	-2.0%	0.2%
Provision for working capital: Water	—	—	—	—	—
Repairs and maintenance: Water	42	50	43	-1.0%	13.8%
Bulk purchases: Water	186	186	185	0.4%	0.4%
Other expenditure: Water	158	193	322	-103.5%	-66.7%
	472	516	637	-35.0%	-23.5%

T 5.5.1.

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2014/2015 to 2015/2016							
R' 000							
Details		2014/ 2015	2015/2016				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans					0.00%	0.00%
	Public contributions and donations			459		0.00%	0.00%
	Grants and subsidies	615 492	850 353	780 471	670 394	-8.22%	-21.16%
	Other	314 558	425 002	600 806	515 979	41.37%	21.41%
Total		930 050	1 275 354	1 381 736	1 186 373	8.34%	-6.98%
<i>Percentage of finance</i>							
	External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Grants and subsidies	66.2%	66.7%	56.5%	56.5%	-98.5%	303.3%
	Other	33.8%	33.3%	43.5%	43.5%	495.9%	-306.8%
Capital expenditure							
	Water and sanitation	198 459	348 506	334 645	275 188	-3.98%	-21.04%
	Electricity	122 039	158 500	171 473	146 652	8.19%	-7.48%
	Housing	144 650	211 424	229 491	203 043	8.55%	-3.96%
	Roads and storm water	319 465	265 000	363 894	336 678	37.32%	27.05%
	Other	145 437	291 924	281 773	224 812	-3.48%	-22.99%
Total		930 050	1 275 354	1 381 277	1 186 373	46.59%	-28.42%
<i>Percentage of expenditure</i>							
	Water and sanitation	21.3%	27.3%	24.2%	23.2%	-8.5%	74.0%
	Electricity	13.1%	12.4%	12.4%	12.4%	17.6%	26.3%
	Housing	15.6%	16.6%	16.6%	17.1%	18.3%	13.9%
	Roads and storm water	34.3%	20.8%	26.3%	28.4%	80.1%	-95.2%
	Other	15.6%	22.9%	20.4%	18.9%	-7.5%	80.9%
T 5.6.1							

Source of Finance and Capital Expenditure



COMMENT ON SOURCES OF FUNDING:

Grants and subsidies continue to comprise the most significant portion of the funding utilised for capital expenditure. The largest is the Urban Settlement Development Grant, which is focused on developing new urban areas for habitation. This grant is utilised to ensure service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas.

Government grants reduction would have a huge negative impact on the service delivery for capital projects. The Municipality should envisage other revenue streams that will enable more own revenue in order to fund future capital projects. This will result in lessening grant dependency by the Municipality. The Municipality is also using the revaluation method to account for its assets and this allows the Municipality to raise funding through depreciation for renewal and refurbishment of existing assets. This assists the Municipality in contributing towards capital budget funding.

Explanation on variations is detailed below:

1. INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

The slow progress in the above projects has been due to challenges in procurement processes. A request for change of control from formal electrification to informal electrification has been submitted to Department of Energy (DoE) for approval; this will allow the City to utilize the funding for informal electrification which has a contract that is already progressing.

2. INFRASTRUCURE SKILLS DEVELOPMENT GRANT (ISDG)

The funding is only being used to pay the interns stipends. The number of interns reduced as most of the interns completed the program and this affected the amount of stipends paid.

3. URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

3.1 Development & Spatial Planning: The traffic calming measures (speed humps) have been constructed in the following areas: Duncan Village, Sweetwaters, Mdantsane, Beacon Bay, Cambridge, Haven Hills, Winterstrand, Zwelitsha and Amalinda. More work has now commenced in Zwelitsha. Taxi/Bus stops in Reeston, Amalinda and Mdantsane nu1&13 are 100% complete. Designs for the Scenery Park Taxi Loading area are completed. Construction of Ablution Facility at the Bonza Bay Taxi Loading area is complete. Work on the kerbing of the existing taxi rank is complete. Loading area for Ziphunzana High School is complete.

3.2 Municipal Services: Work is in progress and contractors are on site to carry out refurbishment and upgrade of nine (9) community halls.

4. MUNICIPAL HUMAN SETTLEMENT CAPACITY GRANT (MHSCG)

The transfer of funds to BCMM by National Department of Human Settlements was only done at the end of October 2015 and this resulted in delayed planning and implementation of plans.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects					
Name of Project	Current: 2015/2016			Variance: 2015/2016	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment Variance
Westbank Restitution	16 000	5 000	4 922	69%	69%
Bulk Sanitation Programme	190 000	126 000	102 591	46%	37%
Bulk water provision	51 000	54 500	54 269	-6%	-20%
Upgrading of Mdantsane roads	60 000	60 000	59 996	0%	-18%
Roads provision	80 000	111 631	130 266	-63%	-63%
Name of Project A		Westbank Restitution			
Objective of project		Restitution of land rights to beneficiaries who were dispossessed of their land rights under racial laws			
Delays		Project on-going, contractor on site			
Future challenges		Housing provision as the beneficiaries demand that houses be bigger than RDP houses			
Anticipated citizen benefits		Approximately 2500 beneficiaries			
Name of Project B		Bulk Sanitation Project			
Objective of project		Provision of bulk sanitation for existing and future developments			
Delays		No delays, multi-year project			
Future challenges		Additional funding is required			
Anticipated citizen benefits		Entire municipality will benefit			
Name of Project C		Bulk Water Provision			
Objective of project		Provision of bulk water for existing and future developments			
Delays		No delays, multi-year project			
Future challenges		Additional funding is required			
Anticipated citizen benefit		Entire municipality will benefit			
Name of project D		Upgrading of Mdantsane Roads			
Objective of project		To rehabilitate existing urban roads in Mdantsane			
Delays		None			
Future challenges		Additional funding is required			
Anticipated citizen benefit		All residents of Mdantsane			
Name of Project E		Roads Provision-Replacing Existing Infrastructure			
Objective of project		To rehabilitate existing roads in BCMM			
Delays		None			
Future challenges		Additional funding is required			
Anticipated citizen benefit		All residents of BCMM			
T 5.7.1					

COMMENT ON CAPITAL PROJECTS:

Bulk sanitation provision budget was decreased from R190 million to R120 million resulting in a decrease amounting to R70 million. Replacing of roads infrastructure budget was increased from R80 million to R130 million resulting in an increase of available budget amounting to R50 million. Mdantsane roads budget allocation for 2015/2016 increased from R60 million to R71 million. Bulk water budget increased from R51 million to R61 million adding an additional budget amount of R10 million to this project. Westbank Restitution has a decrease of allocated funds from R 16 million down to R5 million effectively decreasing the available budget by R11million. Budget is made available for the future in order to operate the projects. Planning and time management is key in order to implement the capital projects on time and in line with the budget provided.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

1. Water and Sanitation Services

BCMM provides basic services according to the acceptable standards for settlements within the urban edge and those outside the urban edge. The following provisions are made:

Outside the Urban Edge

Outside of the Urban Edge, the basic level of service (i.e. communal standpipes to RDP standards) is provided.

Within the Urban Edge

The level of service for households within the Urban Edge is as follows:

Target level: Erf connection and water-borne sanitation; and

Minimum level: yard connection, informal settlements communal standpipes provided

Sanitation Services

Within the Urban Edge

Informal settlements:

Essential sanitation The Sanitation Department provides movable ablution blocks in informal areas. The programme is being implemented throughout BCMM.

The provision of internal services to new RDP and social housing is undertaken by the Housing Branch as part of the housing programme. The Engineering Department is, however, responsible for the provision of the bulk support services to these developments.

“Rural” settlements (no formal planning):

The sanitation unit is rolling out VIPs to meet the national target of providing basic sanitation services to all.

Outside Urban Edge

No essential services are provided;

The provision of basic services is undertaken by the Engineering Department

2. Electricity Services

In terms of formal housing, the only backlogs in terms of electrification are the housing projects completed within the financial year. This number is estimated to be around 2 000. These housing projects do stay un-electrified for an extended period as the DoE only provides funding on an annual basis for housing that meets the DoE electrification guidelines.

In terms of informal areas, there are an estimated 45 000 informal dwellings within the BCMM area of supply. The BCMM council has taken a decision to electrify informal dwelling that meet the informal electrification guidelines, since the inception of the projects an estimated 5 000 dwellings have been electrified. Due to the nature of informal dwellings and the electrification guidelines, it is becoming difficult to identify informal areas that meet all the requirements.

T 5.8.1

Service Backlogs as at 30 June Year 2016 Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	222 332	99%	1236	1%
Sanitation	188 412	84.3%	35 156	15.7%
Electricity	2000	1.6%	45000	89%
Waste management	130 000	60%	66 159	41%
Housing	45 000	44%	64 000	63%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
				T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 2015/2016 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	Buffalo City Metropolitan Municipality does not get allocated the MIG funding.
Roads, Pavements & Bridges				%	%	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.8.3

COMMENT ON BACKLOGS:

Buffalo City Metropolitan Municipality does not receive MIG grants.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Managing the cash resources of BCMM remains a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored by BCMM, with daily cash flows being prepared and reported on in order to provide a clear indication of the current cash position. This enables the Municipality to meet its obligations as they become due. Both major revenue (grants, equitable share and high revenue inflow periods, etc.) and expenditure (bulk purchases and loan repayments, etc.) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

BCMM's cash generating ability remains stable with own funds invested having increased. The effects of the global economic crisis are also a cause of concern to the Metro as they impact on revenue-generating ability and the ability to maintain a favourable cash flow position. Operations have settled and tight cash controls have ensured that cash optimization in spending occurs, rather than a focus on cash generation. The area of revenue collection requires close attention in order to ensure a favourable cash flow position is maintained so that it can be improved. This is critical to the financial sustainability of the City.

BCMM makes payment to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximise the interest-earning potential whilst also ensuring safety of the principal of any surplus funds. Investment diversification is in practice at BCMM, in an attempt to minimise risk and maximise interest earning potential.

Operating activities have increased over the past financial year, the major change has been in terms of service charges, which have increased to R2.7 billion from R2.4 billion in 2014/2015.

The cash flow summary clearly indicates the increase in Cash and Cash Equivalent at the year-end from R2.2 billion in 2014/2015 to R2.3 billion in 2015/2016. As mentioned above, some of the key factors that have resulted in the increase include an increase in investment revenue and an increase in allocation of Government grants of an operating nature by National Treasury.

T 5.9

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2014/15	Current: 2015/16		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	794 519	831 140	884 767	865 235
Service charges	2 424 753	2 471 802	2 644 096	2 749 648
Other revenue	96 243	657 180	651 758	73 095
Government - operating	948 513	1 149 387	1 078 556	963 670
Government - capital	615 492	850 353	812 071	670 394
Interest	159 221	152 531	165 794	187 436
Dividends	–	–	0	–
Payments				
Suppliers and employees	(3 730 816)	(4 448 581)	(4 304 041)	(3 822 207)
Finance charges	(60 674)	(54 313)	(55 813)	(54 878)
Transfers and Grants	(234 151)	(258 568)	(258 568)	(237 321)
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 013 101	1 350 929	1 618 620	1 395 072
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	7 110	–	–	10 841
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(930 433)	(1 275 354)	(1 381 277)	(1 186 373)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(923 323)	(1 275 354)	(1 381 277)	(1 175 532)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	3 667	–	–	5 203
Payments				
Repayment of borrowing	(57 336)	(46 097)	(46 097)	(49 702)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(53 669)	(46 097)	(46 097)	(44 499)
NET INCREASE/ (DECREASE) IN CASH HELD	36 108	29 477	191 246	175 041
Cash/cash equivalents at the year begin:	2 164 433	2 353 956	2 198 797	2 200 541
Cash/cash equivalents at the year end:	2 200 541	2 383 434	2 390 043	2 375 582
Source: MBRR A7				T 5.9.1

COMMENT ON CASH FLOW OUTCOMES:

Operating activities have increased over the past financial year, the major change has been in terms of service charges, which have increased to R2.75 billion from R2.42 billion in 2014/2015.

The cash flow summary clearly indicates the increase in Cash and Cash Equivalent at the year-end from R2.2 billion in 2014/2015 to R2.38 billion in 2015/2016. As mentioned above, some of the key factors that have resulted in the increase include an increase in investment revenue and an increase in allocation of Government grants of an operating nature by National Treasury.

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

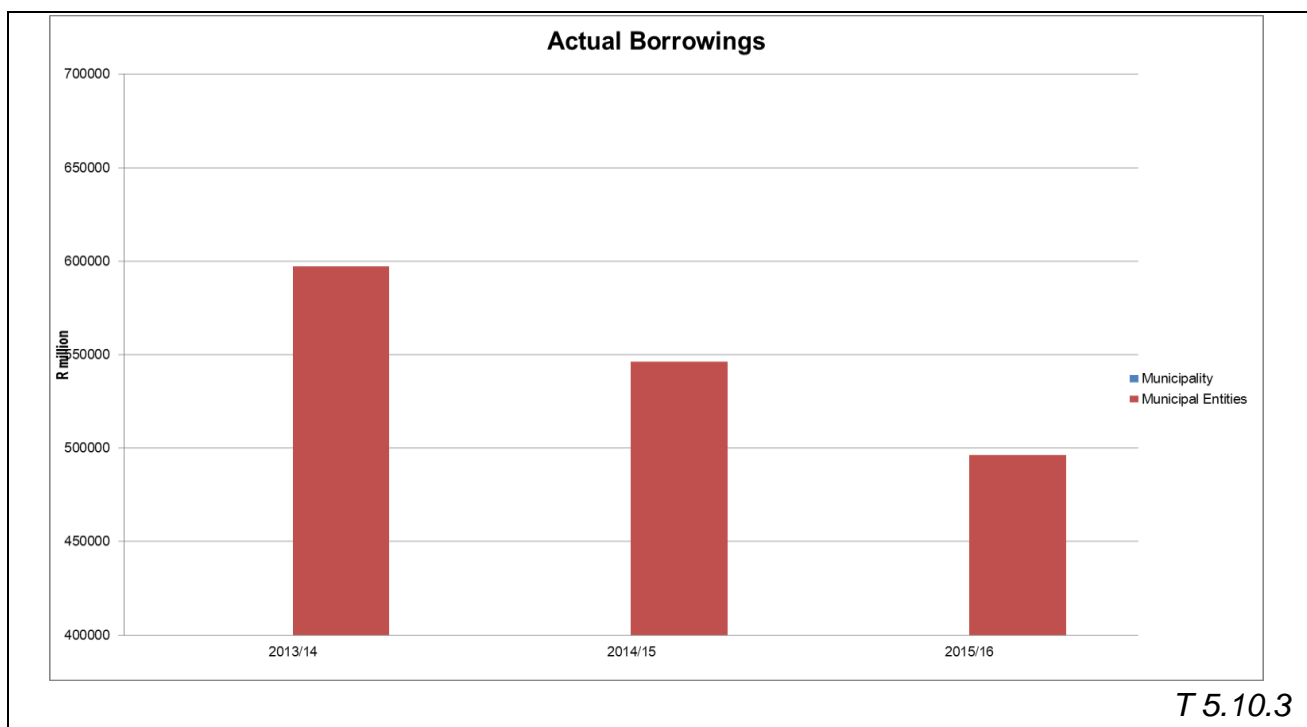
INTRODUCTION TO BORROWING AND INVESTMENTS

The Metro's current loans balance total R496 million as outstanding when compared with R546 million for 2014/2015. No additional borrowings were taken up during the current year. The Metro is currently servicing its debt quarterly with two financial institutions, being Rand Merchant Bank and The Development Bank of Southern Africa. The Metro is currently in the process of taking up additional loan funding.

The City's investments held with financial institutions have increased to R2.15 billion, from R2.13 billion in 2014/2015. Aggressive cash management together with a focused budget has resulted in the city experiencing growth in investment levels maintained by the city.

T 5.10.1

Actual Borrowings: 2013/2014 - 2015/2016			
R' 000			
Instrument	2013/2014	2014/2015	2015/2016
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)	597 207	546 078	496 477
Municipality Total	597 207	546 078	496 477
T 5.10.2			



Municipal and Entity Investments			
R' 000			
Investment* type	2013/2014	2014/2015	2015/2016
	Actual	Actual	Actual
<u>Municipality</u>			
Deposits - Bank	2 164	2 136	2 151
Municipality sub-total	2 164	2 136	2 151
<u>Municipal Entities</u>			
Entities sub-total	0	0	0
Consolidated total:	2 164	2 136	2 151
T 5.10.4			

COMMENT ON BORROWING AND INVESTMENTS:

The City's investments held with financial institutions have increased to R2.15 billion, from R2.14 billion in 2014/2015. Aggressive cash management, together with a focused budget, has resulted in the city experiencing growth in investment levels maintained by the city.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

No PPP established yet

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

There has been extensive stakeholder engagement on proposed revisions to the BCMM SCM Policy which is modelled on the MFMA SCM Regulations.

The draft policy will be tabled for adoption at the council Meeting in September 2016.

The General Manager SCM and one Programme Manager have obtained the minimum competency requirements whilst the remaining 4 Programme Managers are in the process of obtaining such requirements.

A comprehensive Audit Improvement Plan was implemented to address the Auditor-General's findings for 2014/2015.

External service providers have been engaged to assist in the preparation for the 2015/2016 audit.

Internal controls at the SCM Unit have been improved whilst the findings pertaining to the Bid Committee System have been addressed with the respective Committees which have been reconstituted to ensure participation of senior SCM practitioners.

The E-procurement Vendor Portal Module Registration Portal went live in the 2015/2016 financial year and the internal controls environment have been improved in the SM processes, resulting in the reduction of reported irregular expenditure .

All BCMM SCM procurement is done only with suppliers registered on the National Treasury Central Supplier Database (CSD) as at the 1st of July 2016. The contract management module will be fully operational by the end of the 2016/2017 financial year, which will ensure an automated management tool of all BCMM contracts.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and to consider the implications.

BCMM is aware of the new accounting standards that have been published for implementation during the 2015/2016 financial year. These standards have been complied with in the preparation of the 2015/2016 Annual Financial Statements in all material respects. This compliance is required to improve transparency surrounding the

financial information which has been prepared. The guidance provided in the new accounting statements, namely GRAP 21, 24, 26 and 103 has been utilized in the preparation of the 2015/2016 Annual Financial Statements.

T 5.13.1

CHAPTER 6

AUDITOR-GENERAL AUDIT FINDINGS

CHAPTER 6 – AUDITOR-GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/15

6.1 AUDITOR GENERAL REPORTS 2014-2015

Auditor General Report on Financial Performance Year – 2014/2015	
Audit Report Status*:	Qualified
Irregular Expenditure	Significant work was undertaken on irregular expenditure disclosed for years prior to 2014/2015. This work is resulted in only an extrapolated error of R18 million being identified. The institution will review the issues giving rise to these findings and then disclose any additional expenditure which may be required. The largest challenge resulted from the disclosure of the 2014/2015 irregular expenditure where there was an extrapolated error of R156 million was identified. In this instance the institution will again assess the management letter findings to determine the underlying cause for this irregular expenditure and make correcting adjustment disclosures as is considered necessary. In order to reduce the continuing tendency by the institution to incur irregular expenditure the E-Procurement system is to be introduced which should improve the control environment within which the Supply Chain Management system operates.
Commitments	The recording of commitment information is predominantly a manual one. The main underlying cause is that personnel recorded the incorrect award value. This is currently being corrected through the utilisation of staff to update the disclosure information to agree to the underlying award values and amounts recorded on the progress certificates of consultants.

Auditor General Report on Financial Performance Year – 2014/2015	
Audit Report Status*:	Qualified
	The implementation of the E-Procurement system is further envisaged to reduce manual preparation time required thereby reducing the probability of errors arising.
Non compliance Issues	Remedial Action Taken
Strategic planning and performance management	The institution will prepare standard operating procedures to explain the calculation and interpretation of the performance targets. An electronic model for the recording of this information will also be investigated. It is envisaged that this would improve the quality of information.
Annual Financial Statements	The institution endeavours to produce financial statements free from material misstatements however during the performance of the audit certain items are identified requiring correction. Although the corrections are processed this non-compliance issue does remain.
Procurement and contract management	The institution is currently implementing an E-Procurement system where all suppliers information will be maintained. This information will be scrutinised prior to it being brought into use. Procurement will in future only occur from suppliers registered on the supplier database.
Expenditure management	An audit improvement plan was prepared in an attempt to improve processes in operation. The institution makes every effort to ensure suppliers receive funds within the stipulated 30 days except in those instances where there is a dispute in which payment is withheld until adequately rectified.
Conditional grants received	A request to roll-over funds was made to National Treasury and approval was subsequently received.
Asset Management	The institution has appointed a service provider to assist in quarterly updating of the infrastructure asset registers.
Consequence management	Irregular expenditure was reported to Council.
T 6.1.1	

Auditor General Report on Service Delivery Performance Year – 2014/15	
Audit Report Status*:	Qualified
Non-compliance Issues	Remedial Action Taken
Reliability of reported performance information	Buffalo City Metropolitan Municipality must fill all vacant section 56 posts for HOD to take control and ownership of Performance Information.
Achievement of planned target	Buffalo City Metropolitan Municipality must fill all vacant section 56 posts for HOD to take control and ownership of Performance Information.
T6.1.2	

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 2015/2016

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
<i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.	
	T 6.2.1

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
<i>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</i>	
<i>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</i>	
	T 6.2.2

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2015/2016:

AUDITOR GENERAL

The Auditor General has issued two areas of qualification relating to the Annual Financial Statements. The areas of qualification are deviations and two individually immaterial items being Capital Work In Progress and Revenue that, when added together, result in an aggregation qualification.

Deviations

The first area relates to the use by the institution of section 36 of the Supply Chain Management Regulations where the Auditor General would like the expenditure disclosed as irregular as, in their view, it does not meet the definitions as recorded in the legislation.

Section 36(1) of the Supply Chain Management Regulations states "a supply chain management policy may allow the accounting officer to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-

- i. In an emergency;
- ii. If such goods or services are produced or available from a single service provider;
- iii. For the acquisition of special works of art or historical objects where specifications are difficult to compile;
- iv. Acquisitions of animals for zoos; or
- v. In any other exceptional case where it is impractical or impossible to follow the official procurement processes.

Paragraph 36(2) states further that the accounting officer must record the reasons for any deviations in terms of sub regulation (1)(a) and (b) and report them to the next meeting of council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements.

It can therefore be seen that the legislation does allow for certain procurement to occur. It needs to be recognised that the institution has complied with the requirements as stated and has sent reports to Council for noting. The Auditor General has assessed a total of

18 deviations and feels that they are in a superior position to determine whether the subjective opinion of the legislation has been met. Of the total selected, six (6) were determined as not meeting the definitions as outlined in the legislation and they would like this procurement declared as irregular expenditure. The six (6) specific deviations were as follows:

- 1) Deviation for the appointment of a legal service provider to advise on non-payment of housing contracts.

There was a requirement to undertake urgent due diligence on amounts outstanding and due by the Provincial Department of Human Settlements.

- 2) Deviation for the urgent use of contractors for implementation of roads programme (Capital Operations and Maintenance)

There was a requirement to undertake emergency maintenance on roads with the tendering process not having concluded.

- 3) Request for a deviation for the urgent emergency procurement of a water treatment chemical flocculent for raw water treatment purposes at Umzonyana WTW using three quotation system.

The Accounting Officer was of the view that he had applied his mind in making a decision to allow a deviation to avert a situation which could have put people's lives in danger. Failure to ensure there was chemical flocculent would have placed the lives of the inhabitants at risk and therefore was considered as an emergency.

- 4) Report on approved deviation for use of contractors for construction of Nompumelelo Hall.

The deviation was correctly made to prevent a community unrest and was a temporary measure and not for the entire construction of the hall. The remainder of the hall will be constructed through an open bid awarded contract.

- 5) Procure catering and transportation for the mayoral imbizo events on 22nd and 25th October 2015

The deviation was required as there was insufficient time to undertake a procurement process allowed in the Supply Chain Management policy. It is recognised that there was an internal control deficiency however the service was required by specified dates.

- 6) Appoint a forensic investigator to conduct an investigation as per Council Resolution regarding the close-out report dated 29 February 2016 which was provided to Council by BCMM Sports and Sponsorship Committee.

There was a Council resolution to undertake the work in a specified timeframe. Management was therefore required to implement this decision which did not allow for the stipulated procurement timeframes to be followed as well as allowing the service provider to conclude the work. In order to allow for the compliance with the resolution a deviation process was considered necessary.

As noted above, management has been exposed to certain practical considerations which have had implications for the inhabitants of the city and needed to be addressed as an emergency to prevent service delivery from being effected. Management clearly would have preferred to have followed a more acceptable approach to the procurement however has a more pragmatic approach to the inhabitants and service delivery. The institution does recognise that there may have been an internal control weakness which has resulted in these issues arising however, as the legislative processes have been followed, does not agree that the expenditure defaults to irregular. The Auditor General prefers the more utopian environment, not taking into account the impact on lives of the Buffalo City inhabitants and well as potential destruction to infrastructure, and maintains a view of irregular expenditure thereby nullifying an existing Council decision and suggesting a section 32 process needs to be implemented. This suggests that the Auditor General is usurping the authority of Council in the decision making process.

Following significant interactions with the Auditor General, including the obtaining of an independent legal opinion which is supportive of the approach adopted by management, the Auditor General still refused to reconsider their interpretation. As such, there is a dispute which is discussed further below.

Aggregate Qualification – Capital Work In Progress

The Auditor General does not appear to dispute that the information is available and has made a determination to allow for the acceptance of certain information but not all information. This non acceptance and review of documentation which has been supplied results in a scope limitation and contributes to an aggregate qualification in the audit report. Management views this aggregate qualification as being factually incorrect as information was available to the Auditor General however it has not been reviewed by them.

Aggregate Qualification - Revenue

The Auditor General has expressed the view that interest and debt impairment have been incorrectly calculated. In relation to the interest, management has manually re-performed the system calculation to confirm the correct amount has been recorded. Furthermore, management has acted in a prudent manner to provide for customer cheques which have been presented and returned by the bank as “Refer to Drawer”. It is clear that the customer does not have the funds to pay for the services and therefore the debt should be provided for. The Auditor General disagrees with this interpretation even though it is consistent with the interpretation of the procedure as undertaken in prior years.

Conclusion

As certain of these disagreements have not been resolved, and in view of the guidance which has been sought from the Office of the Accountant General, Management is of the view that any audit opinion issued is factually incorrect and misrepresents the state of the financial affairs of the institution. Management did suggest a mediation process be undertaken in an attempt to reach a common understanding and interpretation on these issues however this was rejected by the Auditor General. The Intergovernmental Fiscal Relations Act, No 13 of 2005 was further considered as a manner in which a common understanding could be reached on the issues however section 2(2)(e) together with paragraph 3.1(e) of the regulations specifically exclude the state institutions established by Chapter 9 of the Constitution. Section 44 of the Municipal Finance Management Act, No 56 of 2003 does allow a dispute to be raised to National Treasury for their consideration. The institution has made use of this legislative clause in an ongoing process to achieve an understanding on the issues raised. Section 181 of the Constitution does allow a further recourse, if necessary. This further recourse is inferred, although not specifically stated, in paragraph 181(2) which states that “these institutions are independent, and subject only to the Constitution and the law, and they must be impartial”. As such, an avenue to the Courts is available should it be viewed that the institution is not acting impartially and contrary to the standards of Supreme Audit Institutions as well as the municipality including the inhabitants of Buffalo City Metropolitan Municipality.

It further needs to be recorded that the institution continues to attempt to reach a common pragmatic understanding on issues raised without resorting to the recourse mentioned above. There is a constitutional requirement that all organs of state must, in complying with their duty to cooperate with one another in mutual trust and good faith, avoid legal proceedings against one another. The Constitutional Court has held that the obligation to settle disputes is an important aspect of the co-operative government which lies at the heart of Chapter 3 of the Constitution (National Gambling Board v Premier of KwaZulu-Natal 2002 (2) BCLR 156 (CC) para 33). In order to reach a conclusion on these disagreements between a mediation process as detailed in section 44(2)(b) of the Municipal Finance Management Act No 56 of 2003 has been communicated to National Treasury.

Until these disputes have been addressed, the institution not being able to comply with section 131(1) of the Municipal Finance Management Act No 56 of 2003 which states that a municipality must address any issues raised by the Auditor-General in an audit report. The mayor of a municipality must ensure compliance by the municipality with this subsection. Section 62(1) of the Municipal Finance Management Act No 56 of 2003 states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality. As such, there cannot be automatic acceptance of issues raised by the Auditor General where sufficient evidence exists which suggests there is an error on behalf of the Auditor General which is misleading the public.

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed _____
(Chief Financial Officer)

14-10-2016
Date

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.

National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX A
COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE – FINANCIAL YEAR JULY 2015 - END JUNE 2016

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Simon-Ndzele, L.E. (Speaker) [Resigned w.e.f 24/4/16]	FT	Council (Chairperson)	PR ANC	94,12%	5,88%
Mtsi, S.A. (Executive Mayor elected on 11/6/15 Special Council meeting)	FT	Metropolitan Mayoral Committee (Chairperson)	PR ANC	100%	0%
Pakati, X.A. (Deputy Executive Mayor elected on 11/6/15 Special Council meeting)	FT	Metropolitan Mayoral Committee IDP and Organisational Performance Management (Chairperson)	PR ANC	81,82%	18,18%
Vaaiboom, M. (Elected Chief Whip of Council on 29/7/15 Ordinary Council meeting, replaced Cllr Matwele)	FT	IDP and Organisational Performance Management	PR ANC	95,45%	4,55%
Badenhorst, J.H.	FT	Metropolitan Mayoral Committee Finance (Chairperson)	PR ANC	81,82%	18,18%
Angelbeck, R.E.	PT	Corporate Services	Ward 27 DA	59,09%	40,91%
Bakawuli, Z.	PT	Health and Public Safety and Emergency Services and Institutional Operations and Civic Relations	PR DA	72,73%	27,27%
Barnard, W.M.	PT	Municipal Services	PR DA	95,45%	4,55%
Bentley, S.E.	PT	Health and Public Safety and Emergency Services	PR DA	94,45%	4,55%
Booi, B.S.	PT	Municipal Services	Ward 33 ANC	27,27%	72,73%
Bopi, M.	PT	IDP and Organisational Performance Management	Ward 29 ANC	90,91%	9,09%
Brauns, E.I.	PT	Human Settlement	Ward 10 DA	100%	0%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Caga, S.W.	PT	MPAC	Ward 11 ANC	90,91%	9,09%
Cakata, X.C.	PT	Human Settlement	Ward 28 ANC	50%	50%
Copiso, X.	PT	-	-	38,46%	61,54%
Diko, V.A.	PT	Health and Public Safety and Emergency Services	PR ANC	86,36%	13,64%
Dondashe, M.A.	PT	Development and Spatial Planning and Corporate Services	PR ANC	63,64%	36,36%
Esbend, J.S.M.	PT	Human Settlement and Corporate Services	PR ANC	72,73%	27,27%
Fani, N.	PT	-	PR COPE	100%	0%
Fritz, T.F.	PT	Infrastructure Services	PR DA	90,91%	9,09%
Gajula, Z.	PT	Infrastructure Services	Ward 24 ANC	77,27%	22,73%
Gomba, S.G.	P/T	Finance and IDP and Organisational Performance Management	PR ANC	81,82%	18,18%
Green, J.D.	P/T	Human Settlement	Ward 19 DA	86,36%	13,64%
Jabavu, S.	PT	Institutional Operations and Civic Relations and Corporate Services	Ward 47 ANC	95,45%	4,55%
Jida, B.T.	PT	MPAC	PR ANC	95,45%	4,55%
Kashe, A.	PT	IDP and Organisational Performance Management	PR COPE	59,09%	40,91%
King, C.V.	PT	Finance	PR DA	100%	0%
Mackley, M.	PT	Development and Spatial Planning	DA	95,45%	4,55%
Madikane, S.P.	PT	Finance	Ward 20 ANC	90,91%	9,09%
Madonono, N.G.	FT	MPAC	PR ANC	59,09%	40,91%
Magaqa, S.	PT	Human Settlement IDP and Organisational Performance Management	PR DA	33,33%	66,67%
Mahodi, M.N.	PT	Human Settlement Institutional Operations and Civic Relations	Ward 16 ANC	63,64%	36,36%
Makapela-Pakade, N.I.	PT	Health and Public Safety and Emergency Services	Ward 22 ANC	86,36%	13,64%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Maninjwa, D.B.	PT	Corporate Services	PR ANC	95,45%	4,55%
Mankahlana, T.S.	PT	Human Settlement	Ward 30 ANC	81,82%	18,18%
Maphuka, S	PT	Health and Public Safety and Emergency Services	Ward 42 ANC	100%	0%
Mapisa, A.	PT	Corporate Services	Ward 8 ANC	81,82%	18,18%
Maqidlana, N.E.	PT	Institutional Operations and Civic Relations and Health and Public Safety and Emergency Services	PR COPE	35%	65%
Marata, M.N.	PT	Municipal Services	Ward 26 ANC	86,36%	13,64%
Marwanqa, G.N.	PT	Municipal Services	Ward 37 ANC	86,36%	13,64%
Matana, Z.P. (Speaker) [Elected on 29/2/16 Ordinary Council meeting, replaced Cllr Simon-Ndzele]	FT	Council (Chairperson)	PR ANC	90,91%	9,09%
Mateke, M.J.	PT	Municipal Services	Ward 2 ANC	100%	0%
Mati, T.	PT	-	PR ANC	100%	0%
Matwele, S.T.	FT	Metropolitan Mayoral Committee Municipal Services (Chairperson)	PR ANC	77,27%	22,73%
May, R.N.	PT	Health and Public Safety and Emergency Services and Institutional Operations and Civic Relations	PR ANC	86,36%	13,64%
Mbinqo, V.D.	PT	Human Settlement	Ward 6 ANC	68,18%	31,82%
Mdinwa, F.Z.	PT	Economic Development and Agencies	PR DA	90,91%	9,09%
Mdyolo, J.	PT	MPAC	PR PAC	63,64%	36,36%
Mekane, N.	PT	MPAC	Ward 13 ANC	59,09%	40,91%
Mentoor, L.J.	PT	Institutional Operations and Civic Relations	Ward 44 ANC	90,91%	9,09%
Mgezi, N.D.	FT	Human Settlement (Chairperson)	PR ANC	81,82%	18,18%
Mhlola, N.M.	PT	Infrastructure Services	Ward 9 ANC	72,73%	27,27%
Mlenze, M.	PT	Infrastructure Services	Ward 43 ANC	45,45%	54,55%
Morolong-	PT	Economic Development and	Ward 7 ANC	59,09%	40,91%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Yekiso, M.C.		Agencies			
Mpanza, V.E.	PT	Development and Spatial Planning and IDP and Organisational Performance Management	Ward 50 ANC	81,82%	18,18%
Mpathalala, N.E.	PT	Infrastructure Services	Ward 49 ANC	77,27%	22,73%
Mpupusi, R.K.	PT	Economic Development and Agencies	PR ANC	86,36%	13,64%
Mtintsilana, T.C.	PT	MPAC	Ward 41 ANC	90,91%	9,09%
Mtyingizane, Z.	PT	IDP and Organisational Performance Management	Ward 14 ANC	81,82%	18,18%
Muzzell, R.K.	PT	Finance	PR DA	90,91%	9,09%
Mxabanisi-Gakrishe, C.	PT	Institutional Operations and Civic Relations	Ward 25 ANC	50%	50%
Mzayifani, T.D.	PT	Development and Spatial Planning	Ward 38 ANC	95,45%	4,55%
Naicker, P.	PT	Economic Development and Agencies and Finance	PR ANC	86,36%	13,64%
Nazo, P.	FT	Economic Development and Agencies (Chairperson)	PR ANC	68,18%	31,82%
Ndevu, S.E.	PT	Infrastructure Services	PR ANC	45,45%	54,55%
Neale-May, H.	FT	Health and Public Safety and Emergency Services (Chairperson)	PR ANC	86,36%	13,64%
Nell, M.S.	PT	Development and Spatial Planning	PR ANC	68,18%	31,82%
Ngabayena, M.L.	PT	Institutional Operations and Civic Relations	Ward 21 ANC	72,73%	27,27%
Ngcaba, M.T.	PT	Economic Development and Agencies	Ward 1 ANC	68,18%	31,82%
Ngesi, N.S.	FT	Corporate Services (Chairperson)	PR ANC	77,27%	22,73%
Ngojo, M.A.	PT	Development and Spatial Planning and Economic Development and Agencies	Ward 40 ANC	86,36%	13,64%
Ngqayimbana, T.	PT	Institutional Operations and Civic Relations	PR ANC	81,82%	18,18%
Nkula, M.G.	PT	Economic Development and Agencies	PR ANC	72,73%	27,27%
Norexe, G.T.	PT	Human Settlement	Ward 45 ANC	90,91%	9,09%
Ntame, O.	PT	MPAC	PR DA	81,82%	18,18%
Ntozini, W.I.	PT	Municipal Services and Economic Development and Agencies	PR DA	90,91%	9,09%
Otola, N.D.	PT	Municipal Services and Finance	PR ANC	54,55%	45,45%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Peter, E.A.	FT	Institutional Operations and Civic Relations (Chairperson)	PR ANC	63,64%	36,36%
Peter, N.P.	PT	MPAC	Ward 46 ANC	86,36%	13,64%
Peter, V.	PT	Infrastructure Services	Ward 32 ANC	81,82%	18,18%
Poni, P.	PT	Development and Spatial Planning and Economic Development and Agencies	PR PAC	50%	50%
Quse, L.M.	PT	MPAC	PR ACDP	77,27%	22,73%
Rademeyer, A	PT	Municipal Services	PR DA	72,73%	27,27%
Rulumeni, N	PT	IDP and Organisational Performance Management and Support Services	PR DA	90,91%	9,09%
Rwexu, R.D.	FT	Health and Public Safety and Emergency Services	PR ANC	95,45%	4,55%
Sakube, V.V.	PT	Development and Spatial Planning	Ward 23 ANC	86,36%	13,64%
Sam, M.E.	FT	Infrastructure Services (Chairperson)	PR ANC	77,27%	22,73%
Samana, X.L.	PT	Infrastructure Services and Corporate Services	Ward 39 ANC	86,36%	13,64%
Skolo, S.	PT	Development and Spatial Planning	Ward 35 ANC	90,91%	90,09%
Smit, J.F.	PT	MPAC	PR DA	81,82%	18,18%
Thompson, I.	PT	Health and Public Safety and Emergency Services	Ward 18 DA	100%	0%
Tokwe, V.	PT	Human Settlement	Ward 34 ANC	86,36%	13,64%
Tokwe, Z.P.W.	PT	Municipal Services	Ward 5 ANC	95,45%	4,55%
Toni, S.N.	PT	Health and Public Safety and Emergency Services and Corporate Services	Ward 31 ANC	90,91%	9,09%
Twalingca, K.B.	PT	MPAC	PR COPE	50%	50%
Tyilo, E.S.	PT	Finance	Ward 36 ANC	95,45%	4,55%
Vallabh, D.	PT	Institutional Operations and Civic Relations	Ward 15 DA	90,91%	9,09%
Vika, B.	PT	Finance	Ward 48	95,45%	4,55%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
			ANC		
Vika, L.	PT	Infrastructure Services	Ward 12 ANC	95,45%	4,55%
Webb, D.	PT	Infrastructure Services	PR DA	90,91%	9,09%
Williams, P.	PT	Finance	Ward 3 DA	95,45%	4,55%
Yenana, P.P.	PT	IDP and Organisational Performance Management	Ward 17 ANC	45,45%	54,55%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX B
COMMITTEES AND COMMITTEE PURPOSES

APPENDIX B: COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
CORPORATE SERVICES PORTFOLIO COMMITTEE	<p>To consider and to make recommendations to the Council on the measures necessary including inter alia the following –</p> <p>Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings</p> <p>Manpower planning</p> <p>Recruitment, selection, remuneration, utilization and development of staff;</p> <p>Occupational Health and Safety and Industrial Health services;</p> <p>Productivity in the municipal workforce</p> <p>Training and staff development;</p> <p>Employment equity and skills development</p> <p>Employee performance;</p> <p>Information and technology support services;</p> <p>Contract management and negotiations in respect of salary increases and fringe benefits;</p> <p>Measures required in respect of the avoidance of strike and other conflict actions;</p> <p>Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and</p> <p>Council Support</p> <p>Auxiliary, Records Management and Decision Tracking</p>
INSTITUTIONAL OPERATIONS AND CIVIC RELATIONS PORTFOLIO COMMITTEE	<p>To make recommendations to the Executive Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable marginalized or special interest groups, with specific focus on: Young people, the aged, the disabled, gender-related issues, special projects.</p>
MUNICIPAL SERVICES PORTFOLIO COMMITTEE	<p>To consider and make recommendations to the Mayoral Committee on in respect of all environmental services matters as provided for in any relevant legislation and all community matters; to consider all matters under the control of the Director of Community Services, including inter alia the following –</p> <p>Childcare facilities;</p> <p>Pontoons, ferries, jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto];</p> <p>Beaches and amusement facilities;</p> <p>Cemeteries, funeral parlours and crematoria;</p> <p>Fencing and fences;</p> <p>Local amenities;</p> <p>Local sports facilities</p>

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
	<p>Municipal parks and recreation Public places; Horticulture; Libraries; Halls; and Community Support Centres.</p>
FINANCE PORTFOLIO COMMITTEE	<p>To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective, including inter alia the following</p> <ul style="list-style-type: none"> - Budget alignment; Monitoring and budget implementation; Control measures Financial reporting; Budget management including revenue and expenditure management; Capital raising; and Supply Chain management.
BUDGET STEERING COMMITTEE	<p>The Finance Budget Committee will fulfil the following Operational functions.</p> <ul style="list-style-type: none"> Budget Management Revenue (Including Tariffs Expenditure) In-year Financial Reporting Control Measures of Budget Implementation Monitoring and Budget Progress Budget Implementation <p>It must be emphasized that the interface with the IDP, Budget Strategy and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored</p>
HEALTH AND PUBLIC SAFETY AND EMERGENCY SERVICES PORTFOLIO COMMITTEE	<p>To consider and make recommendations to the Mayoral Committee on all health and public safety matters of the Metropolitan Municipality including inter alia the following –</p> <ul style="list-style-type: none"> Air pollution; Fire fighting services; Municipal health services; Trading regulations; Control of public nuisances; Control of undertakings that sell liquor to the public; Facilities for the accommodation, care and burial of animals; Licensing of dogs; Licensing and control of undertakings that sell food to the public; Municipal abattoirs; Noise pollution; Street trading;

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
	Traffic and parking; and Disaster management.
DEVELOPMENT AND SPATIAL PLANNING PORTFOLIO COMMITTEE	<p>To make recommendations to the Mayoral Committee and Council on transportation, town and regional planning, architectural, land survey and land administration matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic land and property use, including inter alia the following –</p> <ul style="list-style-type: none"> Building regulations and control Municipal planning Billboards and the display of advertisements in public places Spatial planning, Spatial Development Frameworks and precinct plans Architectural services GIS Mapping Regional / District/ Precinct management Spatial norms and standards enforcement Land use management Property management Municipal valuations
INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE	<p>To consider and to make recommendations on all matters affecting the civil engineering and electrical infrastructure, associated designs and mechanical and scientific services , including inter alia the following –</p> <ul style="list-style-type: none"> Air pollution; Electricity and gas reticulation; Municipal airports; Municipal public works Storm water management systems; Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal Municipal public transport systems; Cleansing; Municipal roads; Refuse removal, refuse dumps and solid waste disposal; Street lighting; and Traffic and parking Fleet management and maintenance Scientific services Built environment with the exception of town planning building control
IDP AND ORGANISATIONAL PERFORMANCE MANAGEMENT PORTFOLIO COMMITTEE	<p>To oversee on behalf of the Executive Mayor the process of integrated development planning (strategic planning) in Buffalo City, including annual reviews of the IDP, and to make recommendations to the Executive Mayor in this regard in terms of chapter 5 of the Municipal Systems Act and section 56 of the Municipal Structures Act.</p>

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
ECONOMIC DEVELOPMENT AND AGENCIES PORTFOLIO COMMITTEE	To assist the Executive Mayor in ensuring that the economic development including rural development of the whole community of Buffalo City is promoted (sections 152 & 153 of the Constitution), including inter alia the following:- Facilitate job creation Promote the development of small, medium and micro-enterprises Market the municipality holistically Promote and facilitate rural development Arts and culture and Heritage Activities Municipal public transport Street trading
HUMAN SETTLEMENTS PORTFOLIO COMMITTEE	To make recommendations to the Mayoral Committee and Council on housing matters allocated to it and to report and make recommendations thereon to the Council and to investigate strategic use of housing resources.
SOCIAL FACILITATION COMMITTEE	To consider Councillors welfare and matters related thereto
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Consider and evaluate the content of the annual report and make recommendations to Council when adopting an oversight report on the annual report as required in terms of section 121 of the Local Government: Municipal Finance management Act and Circular no 32 issued by the Minister of Finance
AUDIT COMMITTEE	The primary purpose of the Audit Committee is to assist the Council discharge its responsibility in maintaining and applying appropriate accounting and financial reporting processes and procedures as well as maintaining effective risk management and internal controls.
REMUNERATION COMMITTEE	To examine information provided to the Committee dealing with the total remuneration package of all Section 57 Managers including the City Manager.
RULES COMMITTEE	To determine the standing rules and orders of procedure for the Council.
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**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX C
THIRD TIER ADMINISTRATIVE STRUCTURE**

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager(State title and name)
Executive Support Services	Ms Ncumisa Sidukwana
Corporate Services	Mr Bob Naidoo
Economic Development and Agency	Ms Noludwe Ncokazi
Infrastructure Services	Mr Luyanda Mbula
Municipal Services	Ms Neo Moerane
Municipal Health, Public Safety and Emergency Services	Mr Vuyani Lwana
Finance	Mr Vincent Pillay
Spatial Planning and Development	Mrs Nonceba Mbali-Majeng
Human Settlement	Mr Sandile Booi
TC	

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX D
FUNCTIONS OF MUNICIPALITY / ENTITY**

APPENDIX D: FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Functions Applicable to the Entity (Buffalo City Development Agency)
Constitution Schedule 4, Part 4 functions		
Air Pollution	Y	
Building regulations	Y	
Child care facilities	Y	
Electricity and gas reticulation	Y	
Firefighting services	Y	
Local tourism	Y	Y
Municipal airports	N	
Municipal planning	Y	
Municipal health services	Y	
Municipal public transport	Y	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law.	Y	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto.	Y	
Storm water management systems in built-up areas	Y	
Trading regulations	Y	
Water and sanitation services limited to potable water supply and domestic waste-water and sewage disposal systems	Y	
Beaches and amusement facilities	Y	
Billboards and the display of advertisements in public places	Y	
Cemeteries, funeral parlours and crematoria	Y	
Cleansing	Y	
Control of public nuisances	Y	
Control of undertakings that sell liquor to the public	Y	
Facilities for the accommodation, care and burial of animals	Y	
Fencing and fences	Y	
Licensing of dogs	Y	
Licensing and control of undertakings that sell food to the public	Y	
Local amenities	Y	
Local sport facilities	Y	
Markets	Y	Y
Municipal abattoirs	Y	

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Functions Applicable to the Entity (Buffalo City Development Agency)
Municipal parks and recreation	Y	
Municipal roads	Y	
Noise pollution	Y	
Pounds	Y	
Public places	Y	
Refuse removal, refuse dumps and solid waste disposal	Y	
Street trading	Y	
Street lighting	Y	
Traffic and parking	Y	
		<i>TD</i>

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX E
WARD REPORTING**

APPENDIX E: WARD REPORTING

APPENDIX E WARD COMMITTEE FUNCTIONALITY

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr MONGEZI Ngcaba	Yes	0		0
	KOLONZA JANIWE			11	
	CALVERLY ALICE			12	
	SHEURE BENJAMIN			12	
Deceased	NKATA MZUVUKILE N.			6	
	MTSHAMBELA BUSISIWE			8	
	FRAYSER LORETTA			8	
	TSHOTO ZUKISANI			9	
	MABENTSELA NOMSA P.			11	
	VUYO MAKUBALO			10	
	VACANT				
2	Cllr MLANDELI Mateke	Yes	6		4
	LUKALO UNATHI			11	
	MOYENI FUNDISWA			12	
	JAJI PUTUMA G.			11	
	MDINGI SIPHIWO			12	
	GOBOZI BULELWA			12	
	KOMSANA DUMISANI			12	
	SIKUNANA OLGA			10	
	YASE ZUKISWA MAVIS			11	
	SHIYANI SIVUYILE			12	
	GOBOZI NOMAWETHU F.			10	
3	Cllr PATRICIA WILLIAMS	Yes	6		4
	STOFIE CHARNELLE			12	
	TOLE VATISWA			12	
	TOM CATHERINE			12	
	MDINGI THOZAMA			12	
	TSHEVU SHEILLA			12	
	MAROLA ZUKISA			10	
	KOMANISI SABELO			10	
	KELELE NONTUTHUZELO JOYCE			12	
	JIBA PRUNDENCE			9	
	CARELS ARENDSE			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
4	MARION MACKLEY	Yes	6		2
	CLAUDIA SMITHIES			12	
	VAAL VERJOEN			12	
	KEIL BERYL			12	
	BADENHORST KATHIE			12	
	KAREN BREETZKE			12	
	WILLIAMS MICHAEL GEORGE			7	
	EALLES BRANDON			7	
	ELMA OLKERS			8	
	CORNELIUS FREDERICKS ERASMUS			12	
	Vacant				
5	Cllr ZANDISILE TOKWE	Yes	6		4
	JALI MKULULEKI			11	
Resigned	PHANDLE THEMBISA L.			6	
	MALGAS NTOBEKO TERRY			12	
	FULELA NOKUZOLA C.			12	
	KWEZA NAMBITHA R.			12	
	SITAMA ZANDISILE			11	
	MFULATHELWA VUYISA			10	
	MSUTU BONGIWE LIYEMA			12	
	NIKELO BUHLE			5	
	NDALISO M			8	
6	CLLR DAVID MBINQO	Yes	6		4
	MNAMATHELI TONICA			12	
	NTSOKOMA SITHEMBELE			12	
	3. MAURICE B. WHITTINGTON			12	
	XANDA L. VUYOKAZI			12	
	NGXAVULANA NONZAME B.			12	
	THANDO NGAMNTWINI			12	
	NYANISILE MORRIS			12	
	BOOI SINDILE			12	
	MARGARET VAKAZA			12	
	BUYANE NONZINGISO			12	
	Vacant				

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
7	CLLR CLARA YEKISO	Yes	3		2
	NONGOGO MICHEAL L.			12	
	GQOKOZA LINDIWE			12	
	MBEME NODUMO CHRISTINA			12	
	JAM - JAM MATU			12	
	MZANYWA NOMALANGA			12	
	DUMILE NOMVULO			12	
	MOMENI SIYA JUNIOR			12	
	Vacant				
	Vacant				
	Vacant				
8	CLLR AYANDA MAPISA	Yes	6		4
	SAM VUYO MALCOM			12	
	MAFANYA TABISA			12	
	NGAMNTWINI ISAAC			12	
	DWANE LUNGILE			9	
	SANI LIVENI			12	
	TYESI NOMBONISO			12	
	QAMRA NOSISANA A.			12	
	KONDLO NOMTHANDAZO			5	
	SALMAN LUDUMO			12	
	10. MABOMBO NOXOLO			12	
9	CLLR NOZANDILE MHLOLA	Yes	6		3
	YANDISA SAMI LINGANI			12	
	KLAAS EMILY NODUMO			12	
	TYWAKADI NOLUBABALO			11	
	NONDALA LAMLA PENNELOPE			12	
	MBEKI MZWANDILE DAVID			4	
	DYALIVANE MAWETHU			11	
	MABUSELA PUMEZO			10	
BCM Worker	MENJENJALO NOLOLI			6	
	VANI DLAKI MELVIN			4	
	NGCAYICHIBI NOMHLE			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
10	CLLR IRENE BRAUNS	Yes	2		0
	PETERSON BRENDA			10	
	JANTJIES CECELIA			12	
	GQATE SIMPHIWE			12	
	HANSEN PEARL			12	
	MBEWANA LWAZI			4	
	VITBOOI ROSELINE			12	
	LABANS ERNEST EDWARD			12	
	GANATI THEMBALETHU			12	
	WEIMERS ROSY			12	
	Vacant				
11	CLLR SAKUMZI CAGA	Yes	6		4
	TUKUTE NDIMPHIWE			12	
	TSHUME THOBEKA			12	
	NONDUMISO CEKWANA			12	
	SAMBANE NTOMBIYAKHE			12	
	STEMELA C. NOZUKO			12	
	MANGCU ZIZIPHO			12	
	RUBU THAMIE MAXWELL			12	
	MBOLEKWA ASANDA			12	
	XATALAZE XOLELWA DONNA			12	
	SAM XOLISWA			12	
12	CLLR LANDILE VIKI	Yes	0		0
	GQUGE MAKATSIE THANDO KAIZER			12	
	MGOBO THEMBEKILE			12	
	NELANI NOMNIKELO			12	
	TOBA XOLA			12	
	TSEWU FUNEKA THEODORA			12	
	MBESE AYANDA			12	
	MAYIYANA WELCOME			12	
	MALI TOZAMA			12	
	BOOI LULAMA			12	
	10. SBULELO NTSANGANI			12	
13	CLLR NCUMISA MEKANE	Yes	4		3
	NQANQASE NOSIPHIWO			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	SHIRLEY				
	NONDZABA NOMBULELO			12	
	SIGOBELWANA VIRGINIA			11	
	TINI PHILA			10	
	DANISO SIZIWE IRIS			12	
	SANDLANA ZANDISILE HECTOR			6	
	LOBI PHUMZA			11	
	MASEBENI DANISWA			12	
	VELILE MPAMBANI			12	
	COURIER GWEBANI			12	
14	CLLR ZININZI MTYINGIZANE	Yes	6		4
	NGEMNTU NANDIPHA			12	
	RANI SAMORA			12	
	NAKO NONTSIKELELO			12	
	NGESI SIBONGILE TERENCE			12	
	PETER NOTHEMBA			12	
	XOLA VUYOKAZI			12	
	MFANINYE NOMVUYO			12	
	FAZI NTOMBIZANELE			12	
	GEORGE THABISA PRETTY			12	
	MAHUWA PADRONA			12	
15	CLLR DINESH VALLABH	Yes	6		4
	MNTUMNI KHUTHALA			12	
Deceased	MNTUMNI THANDIWE			10	
	MANDLA NOSIMO			10	
	MBUTI LINDELWA			12	
	NDIMA NONTOTBEKO			12	
	6. NECSULESCU CRISTIAN			7	
	7. Vacant				
	8. Vacant				
	9. Vacant				
	10. Vacant				
16	CLLR MONWABISI MAHODI	Yes	6		4

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	MPITIMPITI NONDUMISO			12	
	KELEWU JACKSON			12	
	DLONO NDILISA			12	
	NDUKU MAVIS			12	
	MTENDENI KHOLEKA			12	
	NDIKI NOMALINDE			12	
	MAFOLA MADODA			12	
	Vacant				
	9. Vacant				
	10. Vacant				
17	CLLR PUMLA YENANA	Yes	6		4
	NCUMISA MBEBE			12	
	MPENDU LULAMA P.			12	
	BOSMAN VERONICA			12	
	DELMAN NOMZAMO DUDU			12	
	SANDILE MXALISA			12	
	ZUKO FALI			12	
	DAVID NOLUVUYO			12	
	VASINI NOMBULELO			12	
	BAWANA SIPHO			12	
	Vacant				
18	CLLR ISABEL THOMPSON	Yes	6		4
	ROBERT GEMMELL			12	
	VAN SCHELTEMA GERHARD			12	
	GANGATELE PAMELLA			8	
	MACWILI JOKA LINDIWE			12	
	SIPHOKAZI TUNYARA			12	
	CARTER ALAN			12	
	NEITHERCUT ROSEMARIE			12	
	CORRIGAN SHIRLEY			12	
	CUNNINHAM W. HALDANE			12	
	10. ANDREW LIDDLE			7	
19	CLLR DERREK GREEEN	Yes	0		0
	DU PLESSIS VALDA			12	
	NNADI NOPINKIE			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	JEGELS JANEY			12	
Absconded	BANJATIWE SITHEMBELE			6	
Resigned	SITELA LUZUKO			4	
	KILANI NOKWAYINTOMBI			6	
	MULLER JOHN			11	
	MVAMBI SDUDLA			12	
Deceased	9. SANDILE JELWANA			6	
20	CLLR SIZINZO MADIKANE	YES	5		3
	DINGELA SIPHOKAZI			12	
	SIMATU SIMO			12	
	FUMANISI SONWABO			12	
	MSIMANG GEORGE			12	
	NJOMBOLWANA PATISWA			12	
	KOLOSE LUKHANYO			12	
	QHINA VUKILE			12	
	GEDI VIWE			12	
	BUKUBUKWANA NTOMBEKHAYA			12	
	Vacant				
21	CLLR MLANDELI NGABAYENA	YES	5		2
	MAKHONJWA S.			12	
	GCAWU MPUMELELO			12	
	MQULO MIMI			12	
	NOBATANA NANDIPHA			12	
	JONAS PHINDILE			12	
	MAPUKATA ZOLILE			12	
	KATYI ZOLEKA			12	
	MANANA BAYIBILE			12	
	NYAMANI NONTSIKELELO			12	
	SITYEBI NOPOLOLO GLADES			12	
22	CLLR NOMALIS IVY PAKADE	Yes	6		4
	MKHONJWA NKOSOHLANGA			12	
	BOSMAN FLORENCE			12	
	SIWISA NTOMBOXOLO			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	XHELISILO PRIVILEGE			12	
	GWAYI THEMBELANI			12	
	NTSOKWANA SIBONGISENI			12	
	HOBO DOREEN			12	
	NOXOLO FETSHA			12	
	MBAMBISA VUYELWA			12	
	MATYILA XOLISWA			12	
23	CLLR VELIWE DAKUBE	YES	6		3
	QAMARANA YOLISWA			12	
	XELO ZOLEKA			7	
	MRAJI NOMJIKELO			12	
	NOMVULA DYASI			12	
	PHATO VUYISILE			12	
	BENTSHU NOMAWETHU			12	
	KONKOSHE PHELISWA			12	
	ONDELA SOKOMANI			8	
	TSHOTYANA SITHEMBELE			12	
	MTIYA NOMFUNDO			12	
24	CLLR ZAMEKA GAJULA	YES	5		4
	MLOTA PHUMLA			12	
	BESETI MLAMLI MICHAEL			12	
	ZONDANI SEPTEMBER			12	
	MJELO RANDELL			12	
	MAPUKO FANISWA SAMANTHA			12	
	MAKOBIA VUYOKAZI			12	
	MBOMBELA NOSAKHELE			12	
	SIMAYA CONSTANCE			12	
	MANDINDI ZOLANI			12	
	KAYAYA DANISWA			12	
25	CLLR CYNTHIA GARISHE	YES	0		2
	TSHAKA NOXOLO MAUREEN			12	
	MZAZA MZUVUKILE			12	
	MELANE BRYCINAH			10	
	MONDEKI PHUMLANI			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	PONI THEMBINKOSI ERIC			12	
Absconded	SIYA MBAWU			2	
	MOTLABANE – MABECE NOMANDITHINI IRENE			8	
	NDABENI ZANDILE THELMA			8	
	9. SINDAPHI ANDILE			8	
	Vacant				
26	CLLR MAWETHU MARATA	YES	6		4
	NOKOYO NOMBASA			12	
	KILANI NONTSIKELELO			12	
	MNANA MHLELI			12	
	MFENE MHLOPHE			12	
	JIBUKWANA NTOMBOMZI			12	
	DOSI THANDISWA PUELLA			12	
	NJOKWENI NZIMENI T.			12	
	WEXU NOCAWE			12	
	MATAKANE NOLUVUYO			12	
	QAZE NONCEBA			12	
27	CLLR ROY ANGELBECK	YES	6		2
	MYBURGH ANTON			12	
	MATELISE THEMBISILE			12	
	BEZUIDENHOUST MARIUS			12	
	NEL DELEEN			12	
	MCLAREN MICHEAL			3	
	LYNN SMIT			12	
	FIELD MARGIE			10	
	KHWEZI MATIKINCA			12	
	9. CON SWART			12	
	10. Vacant				
28	CLLR XOLILE CROSBY CAKATA	YES	3		2
	MADWABI SICELO S.			12	
	DALASILE SIKO			11	
	MTAMZELI ROBERT MAFANAWELE			12	
	JANDA JIKILE			12	
	NCAZA NOSIFINGO			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	VICTORIA				
	NKOSEMNTU XOLELA			11	
	SIKO VUYOLWETHU			12	
	THUNYISWA DERRICK ZOLANI			12	
	Vacant				
	Vacant				
29	CLLR MAKHAYA BOPI	YES	6		4
	NGEMNTU ZINZISWA			12	
	SITYOTYO NONKOLELO			10	
	MSHWESHE FUNDISWA			12	
	NOTSHOKOVU BONGEKA			12	
	NGIDI NTOMBEKHAYA			10	
	TOKWE THANDISWA			12	
	JIKA-JIKA PHINDILE			10	
	NKOLOZA NOLUVUYO			12	
	MSHWESHE DELISWA			12	
	MENGEZELELI SIPHO			4	
30	CLLR THENJIWE MANKAHLANA	YES	6		4
	MONAKALI-THWAKU NOMHLE			12	
	HONI SIYABULELA			12	
	MNGQIBISA NOMBULELO			12	
	MLANJANA SIKHUMBUZO M.			12	
	FALO THOBEKA			12	
	NCOBO SIPHO			12	
	MALAHLA MENTYIS			12	
	MTSHEWU MFUNEKO			12	
	MQOLOMBENI VUYISWA			12	
	Vacant				
31	CLLR SINDILE TONI	YES	2		3
	DINGANI NONDAKUTINI			12	
	MKOBENI BONISILE DAVID			12	
	KONYA MXOLISI			9	
	ZENZILE UNATHI			12	
	SIMAYILE LIBELE EPHRAIM			11	
	NOZEWU OTTO M			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	DANGAZELA THULANI			10	
	HLONGWE VUKILE			8	
	VAKELE EUNICE			12	
	STEWART ROBERT DAVID			12	
32	CLLR VUYANI PETER	YES	2		2
	JONGA MIRRIAM TAMARA			12	
	NDIBAZA NGWANE MARTIN			12	
	NDLAKUHLOLA NOMAKHOSI MARGARET			12	
	KONDLO LUYANDA VALENCIA			12	
	DYOSIBA ZOLEKA			12	
	SABANA NTOMBEKHAYA			10	
	MANANZI MQAPHELI			9	
	MVANDABA NOMATEMBA			11	
	RANI CONGCWANA			12	
	Vacant				
33	CLLR BATHINI BOOI	YES	4		2
	MAGXOTWA PHUMZILE			12	
	MBUYISELO NONKUSEKO GLADYS			12	
	MDUBINI THEMBISILE			10	
	DAMANE MBUYISELI			12	
	FELANI YOLISILE			12	
	MARTIN FEZEKA			12	
	NINTSHANA NOMEKO			12	
	SOLWANDLE YOLISWA			12	
	NELANI PHUTHUMILE			12	
	HOMBILE KHAYALETHU M			8	
34	CLLR VUYO TOKWE	YES	6		4
	MAKISI ERIC			12	
	LUVATSHA ZOLILE			12	
	DYANTYI NOMBULELO			12	
	LABI MANDLENKOSI ELLIOT			12	
	MAKUMSHA NTOMBEKHAYA			12	
	LUJABE YOLISWA			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	PRETTY				
	JAFTA CACISA			12	
	MBATA SIMPHIWE			12	
	NDZUNDZU KHOLEKA			12	
	SAMELA SINDISWA			12	
35	CLLR SIYABONGA SKOLO	YES	2		2
	TEKO NTOMBOXOLO SYLVIA			12	
	PHANDLIWE SIMBONGILE			12	
	HLULANI TOTSHI			12	
	NKAYI SIVUYILE D.			12	
	TUTANI ZUKO C.			12	
	MOYENI NOXOLO P.			12	
	MAKELENI ZOLEKA			11	
	SHENXANE AKHILE			7	
	MGADLA AMANDA			11	
	VACANT				
36	CLLR STHEMBISO TYILO	YES	6		4
	GUNGQA NOMAVA			12	
	MTYINGWANA MZUPHELELE			12	
	BOKVELDT NOMBULELO			12	
	JOYISI SONWABO			12	
	MANGWANA ENOCH			12	
	GOBINGCA SEBENZILE			12	
	QOZA NONTOMBI			12	
	MLAHLENI AYANDA			12	
	MBANGCOLO NOPHUMELELE			12	
	ZADUNGE BONISWA			4	
37	CLLR NOKUKU MARWANQA	YES	5		3
	JEZILE BATHANDWA			12	
	GEZAR MZIWAKHE			12	
	MLAWU QONDISA			7	
	MGANDELA XOLISWA D.			10	
	XHOMA NWABISA M.			12	
	SMITH MELVIN JAMES			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	MFAMAMA MAKHOSANDILE P.			12	
	GWARUBE NTABEZINTLE L.			9	
	Vacant				
38	CLLR THEMBISA MZAYIFANI	YES	6		4
	NDLONDLO MONICA NONZAME			9	
	CELE PHUMLA PRIMROSE			12	
	ONCEYA NANTOMBI O.			10	
	NDOTYI NTOMBOMZI LETTICIA			9	
	MADIKANE NOLUVO			10	
	NDABAMBI MTSHUTSHISI C.			10	
	PUKWANA NOMAPHELO			12	
	NKWENTSHA NOLUBABALO			12	
	NOGAGA THEMBALIPHELI			12	
	Vacant				
39	CLLR XOLANI SAMANA	YES	5		4
	YAMANI NOSIPHO			9	
	FUNDA SIMON			12	
	NINZI PHUMZILE			12	
	YILI MKHULULI			8	
	SHELENI NZUZO			12	
	NTAKANI KHANGELWA			12	
	MANZANA NONDUMISO			12	
	DIKE THANDEKA			10	
	SMAYILE LUNGISANI			11	
	VACANT				
40	CLLR MQONDISO NGOJO	YES	6		4
	MNDI MCOSELELI			12	
	FENI BUKIWE			6	
	GABA KHUTALA			12	
	FUNDANI ZUKO			10	
	FLEPISI TEMBELANIKUYE			11	
	NONTSHINGA XOLA			12	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	XAKA BONGANI			12	
	ZIDE LULEKA			12	
	QWELA YOLISA			10	
	TUNYISWA ZOLEKA			4	
41	CLLR TONY MTINTSILANA	YES	0		0
	MAYEKISO VUYANI			12	
	SKEPE SINDISWA			11	
	GXWALA SIYABONGA			10	
	MABEDE SICELO			12	
	MADLINGOZI PUMLA			12	
	SOLANI NOWASE P.			11	
	HLANGANI ANDILE			10	
	BALENI LUVELELO			10	
	Vacant				
42	CLLR SENDUKU MAPHUKA	YES	6		4
	NTLONGWENI NONDUMISO			12	
	RALA VUYISWA			12	
	KONDILE BABALWA			12	
	TUKUSHE NOLUTHANDO			12	
	BUSHULA NTOMBIZANELE			12	
	JOYCE ZIMKHITHA			12	
	MKOLO LUVUYO			12	
	KIVA BONGANI THOMAS			12	
	BAMLA PHAKAMILE			12	
	SINOBOLO SIMPHIWE			12	
43	CLLR MELFORD MLENZE	YES	6		4
	KONDILE NOSIPHO			12	
	NKENKE LINDELWA			12	
	MADOSI ZOLA DANSON			12	
	MJIKELISO MTUTUZELI PROSPER			12	
	MBAWULE FANISILE			12	
	GCOBO AYANDA			10	
	MAKAMBI SIMILO			8	
	MONI SIBAHLE			7	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	SAMLA VUYOLWETHU			12	
	Vacant				
44	CLLR LEON MENTOOR	YES	5		3
	BOLWANA NONYAMEKO			10	
	MABASO BRIAN			10	
	HENDRICKS COLLIN			12	
	BOOI XOLEKHAYA			10	
	MFAZWE THOTYELWA			12	
	MSELENI SANDISO ENOCH			10	
	MIZE NONTEMBEKO			11	
	PHILLIP BOTHA			12	
	KETTLEDAS PHUMLANI V.			7	
	10. Vacant			10	
45	CLLR THOZAMILE NOREXE	YES	6		4
	MGANGA YANDISWA			10	
	NGCENI LINDISWA			12	
	MAFANGA SINDISWA			12	
	NTUSHELO MANDILAKHE			12	
Deceased	BANGELO NTOMBISE			10	
	GOMOMO NOMONDE			12	
	DYELE NTOMBI FLORENCE			12	
	TSHAKATSHA NOBESUTHU			12	
	WITBOOI KHAYALETHU			10	
	SOBITYA SIVE			7	
46	CLLR NONTSIKELELO PETER	YES	6		3
	MALOYI SIPHOKAZI			12	
	NDONDO NOKUZOLA			12	
Absconded	KOPILE AYANDA			3	
	MKOSANA LUNGAKAZI			11	
	NJENGANE NOMAPHELO			12	
	MPAFI CHUMA			6	
Deceased	SIFIKA ANDILE			8	
	FUNDISWA SIZANI			8	
	NKONTSO KUNGEKA			11	

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	SABA MPUMELELO			12	
47	CLLR SIYABONGA JABAVU	YES	6		1
	KAREN KATZ			12	
	DU TOIT RUDY			12	
	MBULA NOMSA			12	
	NOKWE MUSA			9	
	PETHU M. SOLOMON			12	
	BAYNES ANNE			12	
	LOVE DEE			12	
	ROCHELL SALLY PRINS			12	
	MOUNTFORT LLEWELLYN			12	
	Vacant				
48	CLLR BAYANDA VIKA	YES	6		4
	MAGUBHENI LULAMA			12	
	VUYOKAZI SOGA			12	
	ZIBONDA NOLUFEFE			12	
	MVANDABA NONYAMEKO			12	
	KALIMASHE NOMAKULA			12	
	NOBANDA NOCAWE			12	
	THEMBELANI NIKIWE			12	
	NOMBEKO BOVANA			12	
	ZANELE MANI			12	
	SIRUNU NTSIKELELO			12	
49	CLLR NKOSINATHI MPHATALALA	YES	6		4
	PHILLIP PHINDISWA			12	
	MONTSI THEMBEKA			12	
	MGENTSE L.N.			12	
	SAM SOMIKAZI			12	
	LAMATI NDEYIDA COLLIE			10	
	ZENANI ANDILE			9	
	KOSE CHARLIE MAGAQANA			12	
	LAYITI THANDATHU			12	
	BANJWA NOMBONISE			12	
	Vacant				

Ward Name (Number)	Name of Ward Councilor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
50	CLLR VUYISWA MPANZA	YES	6		4
	TABATHA NGUQU			12	
	PUMLA TUNZI			12	
	MGCWABA MBUZELI			12	
	TWETWA NONTEMBISO			12	
	LENGS MTHUTHUZELI			12	
	MTANDA TEMBA			12	
	XOFA MNIKELO			12	
	NDAMASE LUTHANDO			12	
	BUNU BONGIWE			12	
	Vacant				
					TE

*** Vacancies due to Deaths, Resignations, Employment by BCMM and Government Departments & Relocation of Ward Committee members.

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX F
WARD INFORMATION 1-50**

APPENDIX F: WARD INFORMATION 1-50

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2015/2016 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	Bulk Sanitation Provision - Programme	01 July 2015	30 June 2018	345 712
2	Reeston 3 Stage 3	01 July 2015	30 June 2018	120 000
3	Mdantsane Cluster 1	01 July 2015	30 June 2018	120 000
4	Upgrading of Mdantsane Roads	01 July 2015	30 June 2018	153 000
5	Bulk Water Provision	01 July 2015	30 June 2018	240 000
6	Bulk Water Provision Replacing of Existing Infrastructure	01 July 2015	30 June 2018	120 000
7	Bulk Electricity Infrastructure - Replacing of Existing Infrastructure	01 July 2015	30 June 2018	90 000
				T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	222 000	222 000	125 000	120 000	
Households without minimum service delivery	2 000	2 000	40 000	155 000	
Total Households	224 000	224 000	165 000	275 000	
Houses completed during the year					936
Shortfall in Housing units					78 386
T F.2					

Top four Service Delivery Priorities for Ward (Highest Priority First)		
No	Priority Name and Detail	Progress During 2015/2016
Engineering Services		
1	Zwelithsa Phase 2 - Upgrade of Wastewater Treatment Works – R 450 Million	Civil Contractor appointed
2	Deviation of the Central Wastewater Treatment Works to the Reeston Wastewater Treatment Works R 450 Million	Finalizing loan options
3	Kei Road Regional Water Scheme – R 400 Million	Undertaking design
4	Reeston Wastewater Treatment Works Upgrade – R 190 Million	Civil contract completed
		TF.3

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX G
RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2015/2016**

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2015/2016

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2015/2016	Recommendations adopted (enter Yes) If not adopted (provide explanation)
3-Jul-2015	2	2 implemented
26-Aug-2015	2	2 implemented
4-Sep-2015	1	1 implemented
2-Oct-2015	1	1 implemented
6-Nov-2015	4	3 implemented and 1 Work-in-Progress
22-Jan-2016	2	2 implemented
4-Mar-2016	3	2 implemented and 1 Work-in-Progress
1-Apr-2016	2	2 implemented
6-May-2016	3	2 implemented and 1 Work-in-Progress
14-Jun-2016	6	3 implemented and 3 Work-in-Progress
		TG

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX H
LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS**

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long-term Contracts (20 Largest Contracts Entered into during 2015/2016)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Haw and Inglis	Construction of Bisho, King Williams Town and Zwelitsha Bulk Regional Sewerage Scheme-Phase 2	1-Nov-15	31-Dec-16	Sanele Gqodo	R 199 262 713
Gorogang Plant Hire	Upgrading of gravel roads to surfaced standards- Mdantsane Cluster 1 Phase 3	27-Jun-16	31-Jul-17	Ondela Sisilana	R 119 883 811
Crossmoor Transport Plant	Reconstruction and rehabilitation of Fleet Street- Quigney: Currie Street to Pontoon Road	27-Jun-16	31-Jul-18	Sanele Gqodo	R 112 544 474
Nyoni Projects (PTY) LTD	Upgrading of gravel roads to surfaced standards- Mdantsane Cluster 2 Phase 3	27-Jun-16	31-Jul-17	Ondela Sisilana	R 111 556 135
SilverPlas BK	Supply and Delivery of Black Refuse Bags for a period of three years	15-Jun-16	1-Jul-19	Albert Whittles	R 69 106 180
AGRISA Commodities t/a Geat Services	Supply and Delivery of Vehicles - 1 Ton LDVs	20-May-16	30-Jul-16	Nozuko Booï	R 26 508 033
Barloworld Equipment	Supply- plant- soil compactors and Motor construction graders - Annexure C	27-Jun-16	31-Jul-16	Nozuko Booï	R 14 613 095
KPMG Services Pty Ltd	Implementation of Standard Chart of Accounts (SCOA) AND Associated processes	1-Jul-15	31-Jul-18	Shaun Moore	R 14 438 236
Down Touch Investments (PTY) LTD	Upgrading of gravel roads to surfaced standards- Mdantsane Cluster 2 Phase 3	27-Jun-16	31-Jul-17	Ondela Sisilana	R 11 293 438
AGRISA Commodities t/a Geat Services	Supply and Delivery of Vehicles - Sedans	1-Apr-16	30-Jun-16	Nozuko Booï	R 9 100 758
AGRISA Commodities t/a Geat Services	Supply and Delivery of Vehicles - Single Cabs 4x4	20-May-16	30-Jul-16	Nozuko Booï	R 8 830 148
Morgans Creek Properties 158 (Pty) Ltd	Provision of (2000m ²) office accommodation for Buffalo City Metropolitan Municipality : Revenue Management : Head Office in the East London Area for a period of three (3) years	1-Jun-16	30-May-19	Roderick Owen	R 7 394 877
CDR Electrical CC t/a Sisonke Power Projects	MV/LV Reticulation and 700 house service connections for Mdantsane - Ilinge,Dacawa,Velwano and Masimbambane	27-Jun-16	1-Jul-19	Jean Smit / Warren Kraupse	R 6 644 959

Long-term Contracts (20 Largest Contracts Entered into during 2015/2016)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Barloworld Equipment (Pty) Ltd	Supply and Delivery of Plant - Annexure A	11-Nov-15	11-Jan-16	Nozuko Booï	R 5 998 402
Topaz Sky Trading 298 (PTY) LTD	Supply- plant- soil compactors and Motor construction graders - Annexure B	27-Jun-16	31-Jul-16	Nozuko Booï	R 4 390 563
Edison Power Electrical (Pty) Ltd	MV/LV Reticulation and 500 house service connections for Potsdam Unit P	7-Jun-16	1-Jul-17	Jean Smit / Warren Kraupse	R 4 063 366
Barloworld Equipment	Supply- plant- soil compactors and Motor construction graders - Annexure A	27-Jun-16	31-Jul-16	Nozuko Booï	R 3 889 769
Eyabantu Professional services cc/ Out the Green Box JV	Appointment of Service Provider for Alternative Energy Solution for BCMM Civic Centre, Beacon Bay	2-Oct-15	31-Oct-16	Jean Smit / Warren Kraupse	R 2 725 815
Altron TMT (Pty) Ltd t/a Bytes Systems	Supply, Installation, Configuration of Hard Disk Drives and Support of Storage Area Network for BCMM for a period of Three (3) Years	1-Jun-16	1-Jul-19	Mpho Dondolo	R 1 992 042
Kudec Engineering Development Agency	Provision Of Engineering Services For Newlands Bulk Water Supply Upgrade	20-Dec-15	31-Jul-17	Siyamcela Mamane	R 1 689 661
					TH

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX I
MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE**

APPENDIX I: MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
BCMDA & Purpose	a) Service Indicators	2014/2015		2015/2016			2016/2017	2017/2018	
		Target	Actual	Target		Actual	Target		
	b) Service Targets	Previous Year		Previous Year	Current Year		Current Year	Current Year	Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Tourism opportunities exploited in high value niche areas	Number of tourist attraction activities implemented	-	-	-	-	-	1	1	2
A well-developed beachfront	Percentage development of the Seaview Terrace	-	Beachfront LSDF in place	-	-	Beachfront LSDF in place	20% - Beach front Precinct Plans in place	30% - Detailed designs approved and construction commenced	50% Construction Complete
Inner City Regeneration	No of City Improvement District (CID) initiatives established	-	Approved feasibility study	-	-	Approved feasibility study	1	2	1
Job Creation	No of Fulltime Equivalent (FTE) Jobs created	-	-	-	-	-	40 FTEs	80 FTEs	120FTEs
Note: this statement should include no more than the top four priority indicators * Previous refers to the targets that were set in the year -1 budget/IDP rounds * Current year refers to the targets set in the year 0 budget/IDP round. Following year refers to the targets set in the year 1 Budget/ IDP round. Note that all the targets must be funded within approved budget provision. In column (ii) set out the service indicators (in bold italics) then the service underneath (not in bold – standard type face) to denote the difference									

Buffalo City Metropolitan Development Agency SOC Ltd

ANNUAL REPORT 2015/16



BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

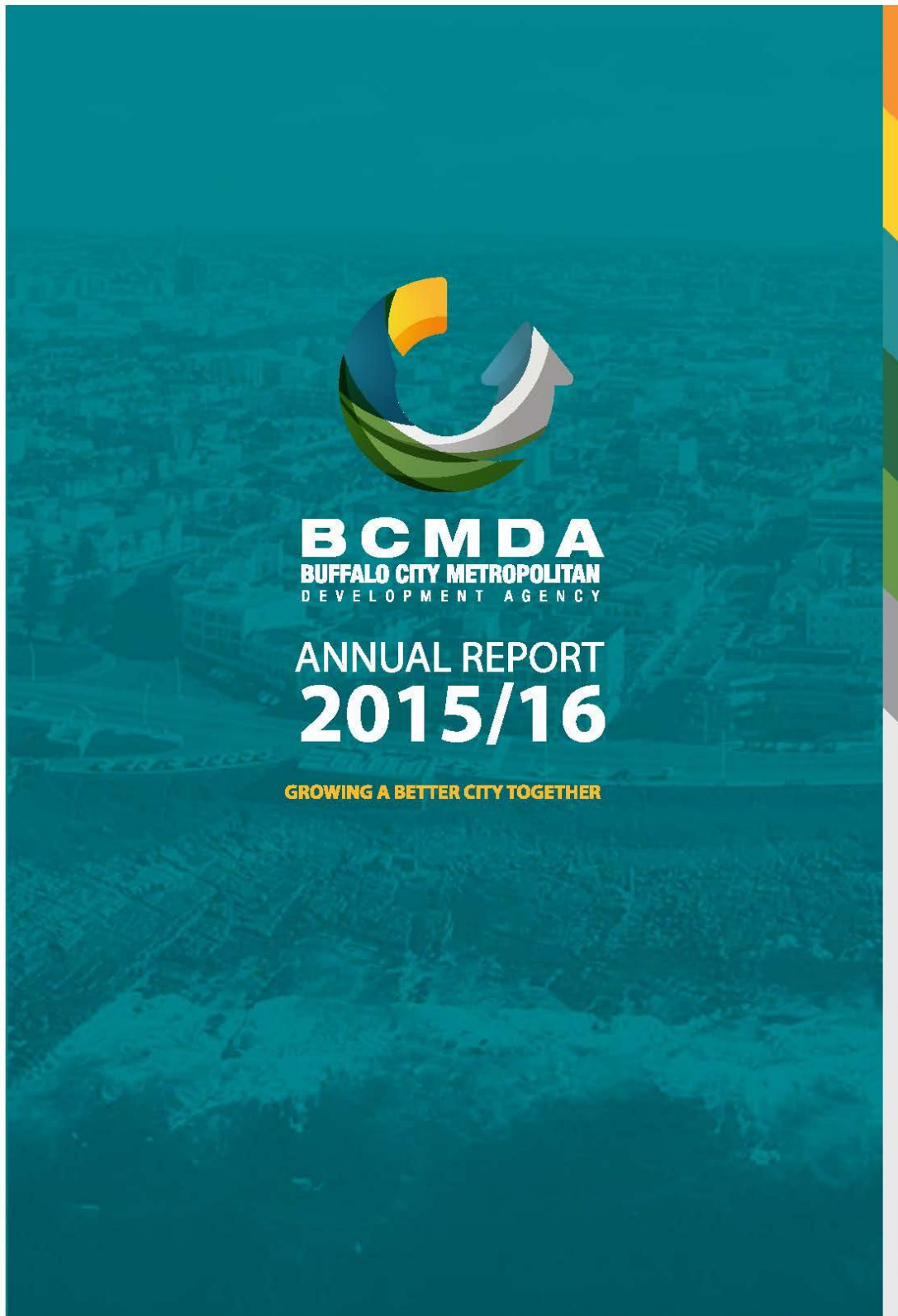


TABLE OF CONTENTS

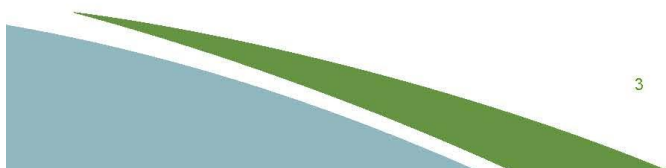
Foreword by the Executive Mayor	4
Chairperson's Statement	5
Chief Executive Officer's Report	6
1. Strategic Overview	8
1.1 Vision statement	8
1.2 Mission statement	8
1.3 Guiding values	8
1.4 Mandate	8
1.5 Goals	8
2. Corporate Governance	9
2.1 Governance Structures	9
2.2 Audit Function	12
2.3 Risk Management & Internal Audit Function	12
2.4 Role of the Company Secretary	12
3. Report on Establishment	13
3.1 Governance Issues	13
3.1.1 Conversion from Section 21 to SOC, New Mol & Change of Directors	13
3.1.2 Assume full responsibility of the agency operations and financial management	14
3.2 Organizational Establishment	14
3.2.1 Strategy development	14
3.2.2 Development & Approval of Policies	15
3.2.3 Organizational structure	15
3.2.4 Acquire Office Space	17
3.3 Initiate Development Projects	17
3.3.1 Service level agreement between BCMM and BCMDA	17
3.3.2 Resuscitate some of the old projects	17
3.4 Rebrand and Launch the Agency 2016	18
4. Audit Committee Report	19
5. Auditor General Report	20
6. Annual Financial Statements	22

LIST OF TABLES

Table 1. Board of Directors.....	9
Table 2. Schedule of Board Meetings and Attendance.....	11
Table 3. Schedule of Governance Committee Meetings and Attendance.....	11
Table 4. Schedule of Organisational Committee Meetings and Attendance.....	11
Table 5. Schedule of Project Development Committee Meetings and Attendance.....	11

LIST OF FIGURES

Figure 1. Approved BCMDA Mandate.....	8
Figure 2. Approved BCMDA Interim Structure.....	16



FOREWORD BY THE EXECUTIVE MAYOR



Buffalo City, just like the rest of the local government or even the public service broadly, has seen a lot of plans, but at times and to the dissatisfaction of our electorate and stakeholders, very little gets implemented. It was this realization, among other things, that led us to re-establish the Development Agency for the City. We are genuinely relieved that the Board we appointed just less than three years ago has developed this agency. As we present this annual report for the agency, we want to assure the rate payers of the City, our residents and the broader community that we have not established a planning agency for the City, but an implementing agency. This mechanism will be one of the leading agencies in our implementation of the Metro Growth and Development Strategy (MGDS) 2030. It is our considered view that we have enough plans, but what we still need more of is implementation and this agency will do just that.

Over the past year, the political leadership of this City has worked tirelessly with the Board of the agency to ensure that we tie all the loose ends and present to the City a working agency. This annual report is a culmination of this establishment exercise. As a demonstration of the commitment of the City to this project I would also want to say we were satisfied with the preliminary costing presented to us such that we were able to make resources available to ensure operations of the agency for the coming financial year. Given the mandate approved by the Council, the service delivery agreement being considered between the agency and the City, as well as the five year strategic plan of the agency, we have no doubt that in a few years we will see real developments taking place in the City.

Governance of the state owned companies is a topical issue these days and at times it is due to the maladministration that takes place in these institutions. We are therefore glad that in the first year of a real audit, this agency managed to get an unqualified audit from the Auditor General. We hope that this demonstration of good governance is going to be a defining trait of this agency for years to come.

December 2016 will see the expiry of the term of this current Board and given the work they have done in setting up this agency, it is befitting that on behalf of the Council and the City leadership and staff at large I express our sincere gratitude for their sacrifice and commitment to this venture. Over the few years of your participation in this Board the City has benefited from your skill and expertise and we do want to invite you to avail yourselves in the future should the City indicate its desire to utilise your skills. To the Chief Executive Officer and staff of the agency, the City is grateful of your dedication and performance thus far. We would want to emphasize to you that you are part of a very important mechanism to grow the economy of the City.

Lastly, I would want to commit the Council and the leadership of the City at all levels to supporting the agency as it continues to navigate the uncertain development terrain for the benefit of the residents of this City and our visitors.

Cllr Xola Pakati
(BCMM Executive Mayor)

STATEMENT BY THE BOARD CHAIRPERSON



2015/16 was a year of consolidation in the process of resuscitating the defunct agency. Having been appointed into this Board to resuscitate the Development Agency of the Buffalo City Metropolitan Municipality, the Board continued on the foundation laid in the previous financial year. The Board approached 2015/16 financial year as a year for bringing together all the various initiatives and thoughts from the previous financial year.

It was during this period that, in order to give effect to the actual establishment of the agency, the Board undertook various concrete initiatives and took bold steps towards real establishment of the Agency.

These included the bringing together all the various stakeholders within the City for finalization of the mandate of the Agency. This was also a period where the Board appointed the Chief Executive Officer in order to ensure that there is an administrative head and Accounting Officer to ensure implementation of its decisions and move the process further. It was also during this period that the Board approved an interim structure of the agency and managed to fill some of the senior management positions. In order to give effect to the mandate, the Board also engaged rigorously with the City in developing a Service Delivery Agreement as a mechanism to give clarity on the role of the agency within the mandate areas as approved by the Council. Furthermore, the Board oversaw the development and approved a five-year strategic plan of the agency.

As the Chairperson and on behalf of the entire Board of BCMDA I would like to thank first and foremost, my colleagues, the Board of the BCMDA. Since your appointment into this Board I have never doubted your commitment to be part of the solution to the City's challenges. It is through your vision and determination that today we can claim to have realized the one of the key milestones set for us by the City i.e. the establishment of the Agency. Given that our term as this inaugural Board of the agency expires at the end of December 2016, I would like to sincerely thank you for your contribution. The Executive Mayor, the Council and the entire BCMM leadership and staff, your support during this period has not only ensured the success in establishing the agency, but has also demonstrated your commitment to changing the lives of BCMM residents.

Lastly, I would want to extend my appreciation and sincere gratitude to the Chief Executive Officer and staff of the agency. It is through your unconditional determination to this cause that today we can boldly claim that BCMM has a working and strong agency. As we conclude the 2015/16 financial year I am happy to observe that we are at the tail end of the establishment process and I do believe that in the coming year we will certainly observe some implementation of the policies and programmes by the agency to contribute towards the development of this City.

It is my hope and the Board that had the honour to lead that the agency we built will have a lasting legacy.

Mr Tembinkosi Bonakele
(Chairperson: BCMDA Board)

REPORT OF THE CHIEF EXECUTIVE OFFICER



This report will mainly focus on the establishment phase of the agency with specific reference to the governance, policies and systems. It further focusses on the processes leading to the development and approval of the mandate of the agency and the resultant five year strategy which will be the blue print for the agency for the next five years.

Having joined the agency four months into the financial year (2015/16), I found myself with a mammoth task of establishing operational mechanisms of the agency in an environment where such an institution is desperately needed. BCMM, one of the newly minted Metros in the country has come full circle in the development agency space, having established the Buffalo City Development Agency in 2004 and effectively rendering it dormant five years later with the resignation of the Board in 2009. As I took over as the CEO in November 2015, I was well aware of the existence of the Buffalo City Development Agency, and I viewed my work as merely a resuscitation of an agency. When the real work began though, I learnt that what I thought was resuscitation was in fact re-establishment. It soon became clear that the memory of the agency has since faded within the municipal system, however, this did not diminish the excitement and energy from everyone involved in becoming part of something new. Most of the officials I had to deal with within the BCMM appeared very optimistic about the need for an agency. In fact it became apparent that given the broad newly developed mandate of the agency, we had to be very careful of what can be done within the first five years or so.

In the period under review, working with the Board of Directors, who were genuinely relieved on the appointment of the CEO, long lasting bonds were created. During this time we were able to finalise and get approval of the mandate of the agency from the BCMM Council. As per the requirements of the legislation, one of the key aspects of the establishment of the agency relates to the development of a Service Delivery Agreement, which we developed, obtained Board endorsement and submitted to the parent municipality for further processing. Given that this exercise proved to be more of a re-establishment, we engaged in a fresh process of registering the company, and with the support of the CIPC we managed to have a new company registered and, sought Council approval for the transfer of all the assets and liabilities of the old company to the parent municipality. Parallel to all of this, we continued on a thoroughly engaging process initiated by the Board and managed to develop and get the first five year strategy document of the agency approved. This blue print outlines how the agency is going to fulfil its mandate as approved by Council. Most importantly for us was the level of engagement with the stakeholders during the process of defining the strategy of the agency. All the sectors of the Buffalo City economy participated in this process.

I would want to thank the parent municipality especially the Acting City Manager and the top management of the City for all the support provided during the establishment of the agency. In 2015/16 the agency existed only in name, as it was just a shell with the Board of directors and later on, the CEO. Support from the municipality was therefore very vital in getting the agency operational. Furthermore, the Council of BCMM deserves a special mention in this report given their unyielding support as demonstrated by swiftly and positively dealing with all and any report that came before them in the period under review. This was very important because any delays in the approval by the Council would have compromised the plans of the agency to be fully operational by July 2016. The Deputy Executive Mayor and his office played a major role in getting the agency to a point where it is now able to operate.

As the financial year drew to a close, the agency had managed to fill some of the senior positions especially the Chief Financial Officer, Executive Manager: Corporate Services and the Company

Secretary and Legal Services Manager. The energy brought about by these colleagues in the establishment and operationalization of the agency has been evident and I would therefore want to take this opportunity to thank them and all other agency staff for the hard work thus far.

Lastly, being the only employee of the agency at some point led one into believing that Board members were in fact employees of the agency. The current Board did not only perform the oversight role over the agency, but they were very involved, in a positive way, in the actual establishment of the agency. This was evident in how they dealt with all aspects of the agency and hence a special thanks to them.



Gcinumzi B. Qotywa
Chief Executive Officer

1. Strategic Overview

1.1 Vision statement

A City that is more welcoming and competitive with ample opportunities to invest, work, play and live.

1.2 Mission statement

Building a better Buffalo City through facilitating and undertaking development initiatives for the benefit of all the citizens of the City.

1.3 Guiding values

As BCMDA we will strive to **perform** our functions in a **professional** and **transparent** manner guided by the highest levels of **integrity** whilst delivery high **quality** products and services and **accountable** to our stakeholders. The BCMDA has therefore defined the following guiding values in its operations:

- Performance
- Professionalism
- Integrity
- Quality
- Accountability
- Transparency

1.4 Mandate

The mandate of the agency as approved by the Council on 11 December 2015 appears below.

Economic and Social Development

To conceptualise, plan and execute catalytic socio-economic development project

Tourism

To serve as a tourism agency of the Municipality

Property Management and Commercialisation

To acquire, own and manage land and buildings and/or rights to land and buildings necessary to enable it to achieve its aims and objectives

Figure 1. Approved BCMDA Mandate

1.5 Goals

The outcome oriented goals of the agency are as follows:

- A stable and fully capacitated agency to deliver on its mandate efficiently and effectively
- Improved number of tourists and tourism spend in Buffalo City
- Efficient, productive and sustainable management of land and buildings
- Improved socio-economic benefits within Buffalo City

2. Corporate Governance

Good Corporate governance is essentially about effective leadership. It requires leadership that is able to integrate decision-making, business strategy and sustainability. It also calls for an inclusive and collaborative approach with stakeholders that is founded on the need for effective engagement and constant update of business affairs for decision making.

The BCMDA ensures compliance with the King Code of Corporate Governance III practices. Its Board consists of a majority of non-executive directors and one executive director which is the CEO.

The Board works collectively in executing its fiduciary duties effectively and has maintained good and strong relations with the Chief Executive Officer.

2.1 Governance Structures

The BCMDA has a single shareholder that is the Buffalo City Metropolitan Municipality (BCMM). The Board is constituted as follows:

- Five non-executive Directors
- A Councillor & an official from BCMM who serve as non-participating observer members
- The Chief Executive Officer
- The Chief Financial Officer is a permanent invitee

The contribution of the Board is derived from the wide range of skills they collectively possess inter alia, business administration, finance, accounting, human resources, Public Sector management etc. The Board is the Core of the Agency's corporate governance architecture and is responsible for:

- Providing a clear strategic Direction to the Agency
- Ensuring that appropriate management structures are in place to ensure day to day
- Promoting culture of ethical behaviour
- Entrenching sound corporate governance through an integrated governance structure; and
- Compliance with all relevant laws, regulation and codes of practice.

Table 1. Board of Directors

Member	Age	CapaCity	Race	Gender	Qualifications/ skills/ expertise	Committee
Mr Tembinkosi Bonakele	40	Chairperson of the Board	African	Male	Attorney/Regulator	Governance Committee Chairperson
Mr Chuma Sangqu	54	Member	African	Male	Project manager	Chair of PDIC
Ms Vuyo Zitumane	51	Member	African	Female	Corporate Services	OC & PDIC member
Mr Simpiwe Khondlo	54	Member	African	Male	Engineer	Member of PDIC & OC
Ms Vuyo Nwaiba	49	Member	African	Female	Accountant	Chair of OC committee

The Board of the Agency meets regularly, retains full and effective control over the entity and monitors the implementation of the entity's strategic programmes by the executive management through a structured approach to reporting and accountability. It also sets the strategic direction and monitors overall performance. All Board Committees are chaired by independent non-executive directors.

The Board meets not less than four times a year to consider matters specifically reserved for its attention. The Board has established three sub-committees namely Governance Committee, Organisational Committee and The Project development and Investment Committee. During the year under review, the Board met no less than ten times as per the schedule of meetings below. The frequency of these meetings should be understood within the context of an Agency that was in the establishment phase and thus requiring tremendous amount of time spent, decision making and monitoring of the work being done to operationalize it. The term of office of a non-executive members of the Board was two years 5 months from 01 February 2014 to 30 June 2016 and has been subsequently extended by a further 6 months until 30 December 2016.

BCMDA

BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

BOARD MEMBERS



TEMBINKOSI BONAKELE
(BOARD CHAIRPERSON)

Appointed: 1 February 2014
Current Position: Competition Commissioner
Committees: Governance Committee (Chairperson)



VUYO NCWAIBA

Appointed: 1 February 2014
Current Position: CEO VuMaLi Empowerment Advisors and Board Member
Committees: Organizational Committee (Chairperson)
Governance Committee



SIMPHIWE KONDLO

Appointed: 1 February 2014
Current Position: Chief Executive Officer of the East London IDZ
Committees: Projects Development & Investment Committee
Organizational Committee



VUYO ZITUMANE

Appointed: 1 February 2014
Current Position: Public Sector Renowned Turnaround Strategist, Leadership and Management Training Specialist, Coach, Mentor and Business Woman
Committees: Projects Development & Investment Committee
Organizational Committee



CHUMA SANGQU

Appointed: 1 February 2014
Current Position: Senior Manager, Special Projects and Stakeholder Management at IDT
Committees: Projects Development & Investment Committee (Chairperson)
Governance Committee



GCINUMZI B. QOTYWA

Appointed: 20 April 2016
Current Position: Chief Executive Officer of the BCMDA
Committees: Governance Committee
Organisational Committee
Projects Development & Investment Committee

Table 2. Schedule of Board Meetings and Attendance

Date	Name of Board Member & Status of Attendance				
	T Bonakele	S Sangqu	S Kondlo	V Zitumane	V Ncwaiba
13 July 2015	Yes	Yes	Yes	Yes	Yes
26 August 2015	Yes	Yes	Yes	Yes	Yes
14 September 2015	Yes	Yes	Yes	Yes	Yes
04 November 2015	Yes	Yes	Yes	Yes	Yes
11 December 2015	Yes	Apology	Yes	Apology	Yes
29 February 2016	Yes	Yes	Apology	Apology	Yes
17 March 2016	Yes	Yes	Yes	Apology	Yes
04 May 2016	Yes	Yes	Yes	Apology	Yes
25 May 2016	Yes	Yes	Yes	Apology	Yes
27 June 2016	Yes	Yes	Yes	Yes	Yes

Board Committees

As indicated there are three Board committees, i.e. Governance Committee, Organisational Committee and the Project Development and Investment Committee.

Their recommendations and reports to the Board ensure transparency and full disclosure of the committee activities. Each committee carries out its duties within the terms of reference that define the composition, role, responsibility and delegated authority of the committee. All committees, comprise of independent non-executive directors.

Table 3. Schedule of Governance Committee Meetings and Attendance

Date of Meeting	Name of Board Member & Status of Attendance			
	T Bonakele (Chairperson)	S Sangqu	V Ncwaiba	GB Qotywa (CEO)
15 February 2016	Yes	Yes	Yes	Yes

Table 4. Schedule of Organisational Committee Meetings & Attendance

Date of Meeting	Name of Board Member & Status of Attendance			
	V Ncwaiba (Chairperson)	S Kondlo	V Zitumane	GB Qotywa (CEO)
17 November 2015	Yes	Yes	Apology	Yes
12 April 2016	Yes	Yes	Apology	Yes
18 May 2016	Yes	Apology	Yes	Yes
22 June 2016	Yes	Yes	Apology	Yes

Table 5. Schedule of Project Development Committee Meetings & Attendance

Date of Meeting	Name of Board Member & Status of Attendance			
	S Sangqu (Chairperson)	V Zitumane	S Kondlo	GB Qotywa (CEO)
22 October 2015	Yes	Yes	Apology	Not yet appointed
18 May 2016	Yes	Yes	Yes	Yes

2.2 Audit Function

With regards to the Audit Committee the Agency is sharing or utilising the Audit Committee of the parent municipality.

Audit Committee Members

1. Mr V. Pangwa
2. Ms.W. Dukuza
3. Ms Aweyaw- Gyarko
4. Prof T. M. Jordan
5. Mr H. Marsberg
6. Mr S Mkebe

Roles and Responsibilities

- Reviewing BCMDA's internal controls and published financial reports for statutory compliance and against standards of best practice and recommending appropriate disclosure to the Board.
- The external and internal auditors attend these meetings, and have direct access to the Chairperson of the Committee and Chairperson of the Board;
- Reviewing reports from management and the internal and external auditors, to provide reasonable assurance that control procedures are in place and working as intended;
- Considering the appointment of both the internal and external auditors, the audit fee and any questions of resignation or dismissal of auditors;
- Reviewing the half-yearly and annual financial statements before submission to the Board, focusing particularly on any changes in accounting policies and practices.

2.3 Risk Management & Internal Audit Function

Risk management is an integral part of good governance. It is a process whereby

- There is a shared awareness and understanding within the organisation of the nature and extent of the risks it faces; the categories and extent of those risks regarded as acceptable and the likelihood and potential impacts of the risk materialising.
- There is a regular and ongoing identification, evaluation, management, monitoring, recording and reporting of risks with a view of improving the organisation's ability to manage and reduce the incidence or impact on the organisation of risks that do materialise.
- An appropriate assessment is made of the costs of implementation and operating a particular control relative to the benefit obtained in managing the related risk.

The BCMDA regards the management of risk as a critical factor in good governance. Although it is at formative stages and thus does not have dedicated capaCity, this work is being monitored on a constant basis.

2.4 Role of the Company Secretary

The Company Secretary manages the process that ensures that the organisation complies with company legislation and regulations and keeps Board members informed of their legal responsibilities and fiduciary duties.

The Company Secretary is responsible for scheduling Board and Committee meetings and ensuring the recording and implementation of Board and Committee decisions. It is also the responsibility of the Company Secretary to communicate with the stakeholders on matters dealing with governance and stakeholder reporting.

A Company Secretary's duties cover a wide variety of functions, including that of statutory matters and are partly dependent on the company for which they work. Typical work activities include:

- Organising, preparing Board agendas for, and recording minutes of meetings;
- Dealing with correspondence, collating information, writing reports, ensuring decisions made are communicated to the relevant people;
- Contributing to meeting discussions, as and when required, and advising Board members of the legal, governance, accounting and tax implications of proposed policies;
- Monitoring changes in relevant legislation and the regulatory environment, and taking appropriate action;
- Liaising with external regulators and advisers, such as lawyers and auditors etc;
- Developing and overseeing the systems that ensure the company complies with all applicable codes, as well as its legal and statutory requirements;
- Arranging the annual general meetings;
- Induction of new directors, assisting the Board Chairperson and the Chief Executive Officer

In the case of BCMDA the Company Secretary is also a Legal Services Manager for the Agency and reporting to the CEO and thus has two functions merged into one post. His responsibilities as the legal manager are:

- Ensuring compliance to the provisions of Companies Law and rules made there-under and other statutes and policies of the Agency.
- Ensuring that Business of the Agency is conducted in accordance with its objects as contained in memorandum of Incorporation
- Ensuring that the affairs of the Agency are managed in accordance with provisions of the law
- Develop framework to ensure that the organisation complies with relevant statutes
- Preparing, approving and signing agreements, leases, legal forms, on behalf of the Agency when authorised;
- Engaging legal advisors and defending the rights of the Agency in Courts of Law.
- Advising the Chief Executive and other executives in respect of legal matters

The Company Secretary, ensures that he keeps up to date with the changes in pertinent legislation and corporate governance matters in order for him to properly advise the Board.

3. Report on Establishment

3.1 Governance Issues

3.1.1 Conversion from Section 21 to SOC, New Mol & Change of Directors

The Buffalo City Development Agency (BCDA) had been registered in 2004 as a Section 21 company and therefore one of the priorities in the re-establishment process of the agency was to ensure the conversion of this into a State-Owned Company (SOC) Ltd. This was necessitated by the evolution of the legislation since the establishment of the BCDA. Furthermore, a new Board of Directors had been appointed since February 2014 and in the period under review this Board had worked with the parent municipality in determining the mandate of the agency and the new Memorandum of Incorporation (Mol). The Council of the parent municipality subsequently approved these two documents on 11 December 2015 and so there was a need to update the records of the Companies & Intellectual Property Commission (CIPC) in this regard.

Upon engaging with the CIPC, it became apparent that the BCDA is in a deregistration stage according to CIPC processes, and this was due to the non-submission of the annual returns since 2011. Furthermore, the CIPC still had the names of the old BCDA directors in the records of the company. In these engagements with CIPC it also became apparent that a non-profit (BCDA) company cannot be converted into a profit company and therefore a new company had to be incorporated. Since the name BCDA already existed in the CIPC database and therefore could not be used in the yet to be incorporated company, the CEO met with the Acting City Manager and they resolved to add the name 'Metropolitan' to the old name, and so the name Buffalo City Metropolitan Development Agency was reserved with CIPC and the company was subsequently incorporated on 20 April 2016.

A full report to Council was prepared and submitted to the meeting of 31 May 2016 explaining all the name change process and seeking the following:

- That Council **NOTES** the registration of the Buffalo City Metropolitan Development Agency SOC Ltd with registration number **2016/168330/30**.
- That Council **NOTES** the deregistration process of the Buffalo City Development Agency (BCDA) with registration number **2004/016829/08** being undertaken by the Companies & Intellectual Property Commission (CIPC).
- That Council **APPROVES** the dissolution of the Buffalo City Development Agency (BCDA) and the transfer of all its assets and liabilities to the Buffalo City Metropolitan Development Agency (BCMDA) SOC Ltd with effect from the date of the registration of the BCMDA.

All the above was approved by the BCMM Council, however it was later realised that assets and liabilities of a non-profit company cannot be transferred to a profit company, hence a later decision that all assets and liabilities of BCDA will be transferred to the BCMM.

3.1.2 Assume full responsibility of the agency operations and financial management

Since the appointment of the Board in February 2014, the agency has been operating as a line item in the budget of the municipality. In essence it did not have its own Council approved budget as per the MFMA requirements, and this is mainly because it was in an establishment phase.

It had always been the wish of the Board from the beginning that the agency must be fully operational and be responsible for all its governance processes, including financial administration. In this regard, it must be mentioned that the primary bank account of the agency is held by the First National Bank (FNB), and soon after the incorporation of the BCMDA a process of changing the bank account name and registering the agency signatories ensued and was concluded by June 2016. All the necessary documentation from the FNB was signed and the signatories in the account officially changed to the CEO and CFO of the agency.

Parallel to these changes, a budget for the entity was submitted to the municipality as per the legislative requirements and the Council approved a budget of R18,385 million which is approximately R7 million which is less than what was requested by the agency. In this regard, the CEO has written a request to the Acting City Manager appealing for an additional allocation. The Metro will consider this issue during adjustment period in December 2016/ January 2017 and revert to the agency. It is worth noting that the agency has procured a Financial Management System that incorporates a payroll module and as such the agency will again be functional and fully responsible for its finances from 01 July 2016.

3.2 Organizational Establishment

3.2.1 Strategy development

The process of developing the strategy of the agency had started within the first year of the appointment of the Board of Directors. In this regard, the Board engaged with various stakeholders and this culminated in a strategic planning workshop in March 2015. It was accepted in this workshop that this work could not be finished without an Accounting Officer of the agency, and therefore the Board decided that a final strategic planning workshop should take place once the Chief Executive Officer has been appointed.

Indeed, on assumption of duty on 01 November 2015, the CEO embarked on numerous consultations with the top management of the parent municipality. The CEO made a presentation to the BCMM top management on 08 February 2016, mainly indicating the status of the re-establishment of the agency, but also seeking confirmation of the actual initiatives to be undertaken by the agency. Through this meeting, the CEO also sought to get some confirmation of resources for these projects, both human and financial. Subsequent to this meeting there were various other meetings with relevant managers within the municipality including participation in the work streams as part of the post summit work for the Metro Growth & Development Strategy 2030 (MGDS).

As part of this strategic planning process, the Chairperson of the Board and the CEO made a presentation to the Mayoral Lekgotla that took place on 07- 08 March 2016 in Mphekweni Resort. The main purpose of the presentation was to give progress report to the political and administrative leadership about the progress in the re-establishment of the agency. Another objective of this presentation was to solicit their views on the suggested projects based on the previous engagements as indicated above.

Subsequent to all of these engagements a draft strategic plan was developed and discussed at a Board strategic planning workshop that took place on 17 March 2016 and later in a Board meeting on the same day. Further engagements with the top management of the parent municipality took place on 16 May 2016 wherein there was an express confirmation of initiatives to be undertaken by the agency. The projects to be undertaken by the agency were further confirmed in a meeting between the Chairperson of the Board, the Deputy Executive Mayor, Acting City Manager and the CEO on 25 May. A second draft of the strategic plan was presented to the Board meeting of the same day, i.e. 25 May 2016 to solicit further comments leading to its approval on the Board meeting of 27 June 2016.

3.2.2 Development & Approval of Policies

One of the key priorities in the establishment of any organization is to ensure that there are proper policies, guidelines and procedures to guide its operations. In this regard, the Board had broadly accepted that in areas where the agency does not have policies, it will adopt the policies of the parent municipality to the extent where they are applicable to the agency. A need to fastrack the development and approval of policies was realized and as such below are the policies that were developed and approved so as to ensure full operation of the agency with effect from 01 July 2016:

- Recruitment Policy
- Remuneration Policy
- Supply Chain Management Policy
- Financial Delegations
- Telephone Management Policy
- Transport and Accommodation Policy
- Travel & Subsistence Policy
- Financial Management Policy
- Leave Policy

3.2.3 Organizational structure

Soon after assuming duty, taking into consideration that there is no clear strategy in place, the CEO identified the need to consider the generic capaCity to take the agency forward. An interim structure was developed and presented to the Board of directors for approval. In approving the second revision of the structure the Board pointed out that the CEO would have to prioritize the filling of the vacancies so as to get the agency operational within the limited financial resources available. Based on this approval, below is the interim organogram of the agency and this structure is bound to experience some adjustments in the next financial year as the operations of the agency take shape and the need for further capaCity in some areas is identified.

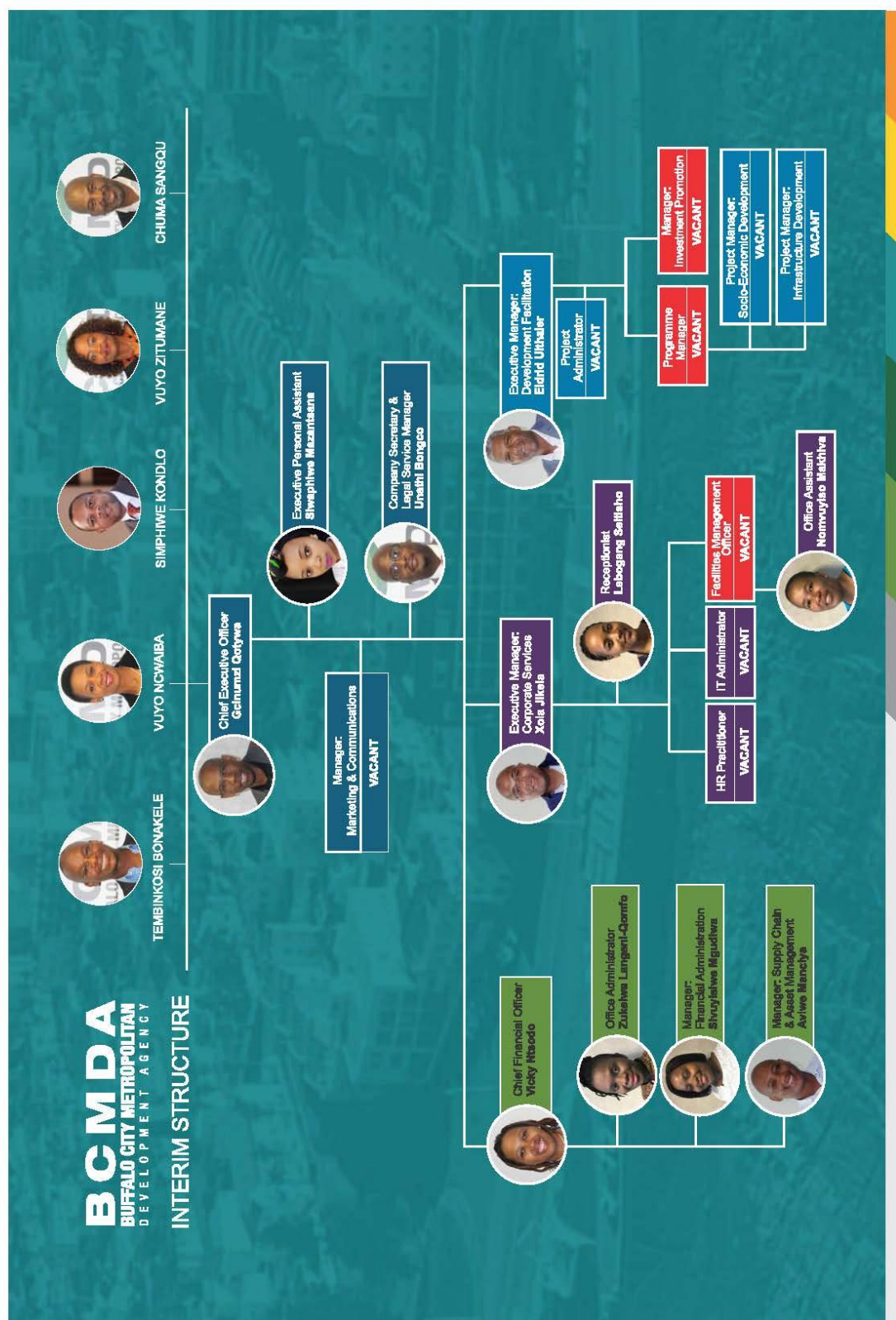


Figure 2. Approved BCMDA Interim Structure

3.2.4 Acquire Office Space

One of the urgent issues in the establishment of the agency was to source office space for the operations of the agency. In this regard, the land administration unit of the BCMM was engaged and the specifications for the agency offices were presented and approved by the Bid Specifications Committee on 22 January 2016. A tender was subsequently advertised on the Daily Dispatch of 12 February 2016 with a closing date of 15 March 2016.

The parent municipality subsequently indicated that due to the number of bids they are dealing with it might take about three months or longer before the procurement process is concluded, barring any challenges. Indeed, in June 2016 the City had not concluded the process and they were seeking to extend the tender as its 90-day validity was expiring. Given that the recruitment process had started a need for operational space became very urgent. In this regard, discussions took place with the East London IDZ as they had office space available for occupation immediately. This approach also emphatically received the support of the Mayoral Lekgotla and the Board granted approval for the occupation of the offices at EL IDZ for a period of a year with an option to renew up to three years.

When the City engaged with the agency in June 2016 seeking its opinion as they wanted to extend the validity of the tender it also transpired that based on the received tenders, the cheapest was approximately R2.7 million over three years, excluding furniture. Given that the ELIDZ office will cost approximately R1.5 million, including furniture, over the next three years, the view of the agency was that the BCMM should cancel the tender in the meantime. Should there be a need to procure office space in the future the agency will undertake this process on its own. Therefore, as per the Board approval, BCMDA has taken occupation of the interim offices at the ELIDZ for a period of 12 months with effect from 01 May 2016.

3.3 Initiate Development Projects

3.3.1 Service level agreement between BCMM and BCMDA

The work reported under the strategy development above is also a precursor to the development of this service delivery agreement (SDA). A draft SDA was developed and discussed in two Board meetings and as such the final SDA was submitted to the Acting City Manager in June 2016 for finalisation, including submission to Council for noting or approval, as determined, before it can be signed officially.

3.3.2 Resuscitate some of the old projects

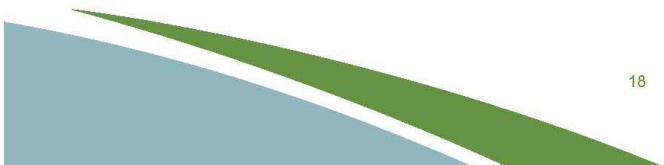
As part of the strategic plan of the agency as well as the service delivery agreement, most of the old BCDA projects have been incorporated. Specific issues relating to the Marina Glen "A" project are such that the Board, in its meeting of 29 February 2016, took a decision to start the process of developing this site afresh. Such a decision was communicated to the erstwhile winning bidder through our legal representative, Clark Laing Inc to their legal representative.

Further processes in respect of the old projects are captured in the draft strategic plan of the BCMDA and the BCMM has emphatically confirmed that the projects that were in the old mandate, especially in respect of the beach front development should still be undertaken by the agency.

There was also a view that parallel to the establishment process the agency should seek to pursue some quick win projects. In this regard the CEO has engaged with the Department of Environmental Affairs (DEA) and the Industrial Development Corporation (IDC) with a view to solicit some funding for some quick win projects. These engagements have generally been positive even though IDC could not immediately commit. In respect of the DEA, on the other hand, the agency has been appointed by DEA to implement a project with a budget of R2.5 million awarded to BCMM from DEA as part of the Greenest Municipality Competition (GMC). The agency is in discussions with the relevant BCMM department to determine their needs for this project, but no implementation could be achieved in 2015/16 financial year given all the regulatory aspects that BCMDA had to comply with.

3.4 Re-brand and Launch the Agency 2016

A process of rebranding the agency took place immediately after the registration of the company and as a result a logo for the agency was developed and approved in a Special Board meeting of 04 May 2016. The offices have been branded accordingly. A domain for BCMDA was registered, all staff are now operating on BCMDA email addresses, and a website for the agency is currently being developed. The logo, its features and meaning will be officially unveiled and explained during the envisaged launch of the agency on or before the end of 2016. It was envisaged that the launch would take place, as announced by the Executive Mayor in his State of the Metro Address, in July 2016. However, due to the end of the financial year and the elections taking place in early August 2016, it was decided that it should be postponed to later on in the year.



4. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2016.

1. AUDIT COMMITTEE

The Audit Committee is required to meet at least 4 times per year as per the Municipal Finance Management Act, Act 56 of 2003(MFMA). Prior to the Agency securing its own offices, the Audit Committee considered activities of the Agency during its monthly meetings with the parent municipality.

The members of the committee were in place throughout the period under review and are considered to have the appropriate experience, qualifications and skill to carry out their duties and responsibilities

2. AUDIT COMMITTEE RESPONSIBILITY

The audit committee adopted appropriate formal terms of reference as detailed in the charter which is in line with statutory requirements and national treasury guidelines. It further reports that it has complied with its responsibilities arising from section 166 of the MFMA. The committee complied with this charter during the year under review.

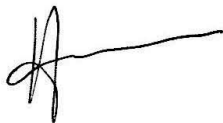
3. EVALUATION OF FINANCIAL STATEMENTS

The committee has:

- Reviewed and discussed the annual financial statements which are recommended to the Board,
- Reviewed the Auditor General South Africa's report to management and the responses of management thereto,
- Reviewed the Board's compliance with legal and regulatory provisions,
- Reviewed significant adjustments resulting from the audit.

4. EXTERNAL AUDIT REPORT

The Audit Committee concurs with and accepts the conclusion and other findings of the Auditor General South Africa on the annual financial statements and other matters and is of the opinion that the audited annual financial statements should be accepted and read together with the Report of the Auditor General South Africa.



H.J. Marsberg
Chairperson: Audit Committee

30 November 2016

5. REPORT OF THE AUDITOR GENERAL

Report of the auditor-general to Eastern Cape Provincial Legislature and the Council on Buffalo City Metropolitan Development Agency SOC Ltd

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the Buffalo City Metropolitan Development Agency, set out on pages 23 to 61, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the period then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Companies Act 71 of 2008, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Buffalo City Metropolitan Development Agency as at 30 June 2016 and its financial performance and cash flows for the period then ended, in accordance with Standards of Generally Recognised Accounting Practice and the requirements of the Municipal Finance Management Act and Companies Act.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control.

Predetermined Objectives

8. I am unable to report on the usefulness and reliability of the performance information, as the annual performance report of the municipal entity was not prepared as required by section 46 of the MSA and section 121(4)(d) of the MFMA. This was due to the entity being in existence for only two months.

Compliance with legislation

9. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows.

Annual financial statements

10. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Internal control

11. I considered internal control relevant to my audit of the financial statements and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for unqualified opinion, and the findings on compliance with legislation included in this report.

Financial and performance management

12. The entity was incorporated on 20th April 2016. The financial statements submitted for audit were materially misstated due to the limited capacity available, to enable adequate reviews during the financial statement preparation and finalisation process.

Governance

13. The entity has established a Board of directors and shares the services of its parent municipality's audit committee, however the risk management and internal audit have not been established as the entity has only been in existence for two months.

Auditor-General

East London

30 November 2016





BCMDA
BUFFALO CITY METROPOLITAN
DEVELOPMENT AGENCY

ANNUAL FINANCIAL STATEMENTS



Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Municipal entity established to be a key implementation instrument in delivering on the Buffalo City Metropolitan Municipality's Local Economic Development Agency.
Board of directors	
Chairperson	T Bonakele - Appointed 01 February 2014
Directors	S Kondlo - Appointed 01 February 2014 V Ncwaiba - Appointed 01 February 2014 C Sangqu - Appointed 01 February 2014 V Zitumane - Appointed 01 February 2014 G.B. Qotywa (CEO)- Appointed 20 April 2016
Chief Finance Officer (CFO)	VSL Ntsodo
Registered office	10th Floor Trust Centre Oxford Street East London 5201
Business address	EL IDZ Investment Centre Lower Chester Road Sunnyridge East London 5201
Postal address	PO Box 134 East London 5201
Controlling entity	Buffalo City Metropolitan Municipality
Bankers	First National Bank Ltd
Auditors	Auditor General of South Africa
Secretary	U Bongco
Company registration number	2016/168330/30

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330130)

Annual Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the annual financial statements presented to the Council:

Index	Page
Board's Responsibilities and Approval	3
Board's Report	4-5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10-11
Accounting Policies	12-24
Notes to the Annual Financial Statements	25-39

Abbreviations

GRAP	Generally Recognised Accounting Practice
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
SOC	State Owned Company
BCMDA	Buffalo City Metropolitan Development Agency

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Board's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board as the prescribed accounting framework by National Treasury.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Buffalo City Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Buffalo City Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 39, which have been prepared on the going concern basis, were approved by the board on 24 November 2016 and were signed on its behalf by the Chief Executive Officer:



GB Qotywa
CEO

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Board's Report

The directors submit their report for the year ended 30 June 2016.

1. Incorporation

The Buffalo City Development Agency (BCDA) was registered in 2004 as a Section 21 company, however has been defunct since 2009. The parent municipality took a resolution to resuscitate the agency and this was marked by the appointment of the new Board of Directors in February 2014. The Board worked closely with the parent municipality in determining the mandate of the agency and the new Memorandum of Incorporation (MOI). The Council of the parent municipality subsequently approved the two documents on 11 December 2015. As part of the MCI and owing to the evolution of the legislation, the resuscitated company had to be converted from a section 21 company to an SOC Ltd. Upon engaging with the Companies & Intellectual Property Commission (CIPC) it became apparent that the BCDA was in a deregistration stage due to non-submission of the annual returns since 2011. Furthermore it was also discovered that a non-profit company cannot be converted to a profit company hence the need to incorporate a new company. This led to the registration of the Buffalo City Metropolitan Development Agency SOC Ltd on 20 April 2016, followed by the Council resolution on 31 May 2016, to dissolve the old BCDA and transfer all assets and liabilities to the newly incorporated BCMDA with effect from the date of registration.

2. Review of activities

Main business and operations

During the year, the mandate of the agency as approved by Council on 11 December 2015 is to conceptualise, plan and execute catalytic socio-economic development projects to serve as a tourism agency of the parent municipality and to acquire, own and manage land and buildings and rights to land and buildings necessary to enable it to achieve its aims and objectives.

3. Going concern

We draw attention to the fact that at 30 June 2016, the entity had accumulated deficits of R (429 790) and that the entity's total liabilities exceed its assets by R (429 790).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity and that the service delivery agreement will be signed and remain in force so long as it takes to ensure that the entity continues with its operations.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

5. Directors' interest in contracts

The Directors have declared that they do not have any interests in the contracts of the agency.

6. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. Share capital I contributed capital

There were no changes in the authorised or issued share capital of the entity during the year under review. The entity is wholly owned by the parent municipality, it is authorised to issue hundred (100) ordinary shares with no nominal or par value.

8. Board

The directors of the entity during the year and to the date of this report are as follows:

Name	Changes
T Bonakele	
S Kondlo	
V Ncwaiba	
C Sangqu	
V Zitumane	
GB Qotywa	Appointed Wednesday, 20 April 2016

9. Secretary

Buffalo Metropolitan Municipality had appointed Clark Laing Inc on behalf of the Agency to act as the Agency's Company Secretaries. The contract came to an end in June 2016, subsequent to the appointment of Mr U Bongco, who is holding the position of Company Secretary and Legal Services Manager.

Business address	EL IDZ Investment Centre Lower Chester Road Sunnyridge East London 5201
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10. Controlling entity

The entity's controlling entity is Buffalo City Metropolitan Municipality.

11. Bankers

All the entity's bank accounts are held at First National Bank.

12. Auditors

Auditor General of South Africa will continue in office for the next financial period.

13. Meetings

There were three Board meetings held during the period 01 May 2016 to 30 June 2016.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	3	43 726	-
Intangible assets	4	8 695	-
		52 421	-
Total Assets		52 421	-
Liabilities			
Current Liabilities			
Operating lease liability	5	92 989	-
Payables from exchange transactions	7	389 183	-
Bank overdraft	6	39	-
		482 211	-
Total Liabilities		482 211	-
Net Assets		(429 790)	-
Accumulated surplus		(429 790)	-

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	8	764 351	-
Expenditure	9	(759 615)	-
Employee related costs			
Directors' emoluments	17	(156 304)	-
Depreciation and amortisation	10	(2 680)	-
Lease rentals on operating lease		(92 989)	-
General Expenses	11	(182 553)	-
Total expenditure		(1 194 141)	-
Deficit for the year		(429 790)	-

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2015	-	-
Changes in net assets	-	-
Deficit for the year	(429 790)	(429 790)
Total changes	(429 790)	(429 790)
Balance at 30 June 2016	(429 790)	(429 790)
Note(s)		

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Grants		764 351	-
Payments			
Employee costs		(648 644)	-
Suppliers		(8 965)	-
Directors' emoluments		(51 680)	-
		(709 289)	-
Net cash flows from operating activities	12	55 062	-
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(45 616)	-
Purchase of other intangible assets	4	(9 485)	-
Net cash flows from investing activities		(55 101)	-
Net increase/(decrease) in cash and cash equivalents		(39)	-
Cash and cash equivalents at the end of the year	6	(39)	-

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts**Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference	Reference
				on comparable	between final	
				basis	budget and	
					actual	

Figures in Rand

Statement of Financial Performance**Revenue****Revenue from exchange transactions**

Interest received - investment	65 000	-	65 000	(65 000)	
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Revenue from non-exchange transactions**Transfer revenue**

Government grants & subsidies	7 584 803	-	7 584 803	764 351 (6 820 452)	N1
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Total revenue	7 649 803	-	7 649 803	764 351 (6 885 452)	
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Expenditure

Personnel	(2 546 654)	-	(2 546 654)	(759 615)	1 787 039
Remuneration of directors	(900 000)	-	(900 000)	(156 304)	743 696
Depreciation and amortisation	-	-	-	(2680)	(2 680)
Finance costs	(5000)	-	(5000)		5 000
Lease rentals on operating lease	-	-	-	(92 989)	(92 989)
General Expenses	(4 198 149)	-	(4 198 149)	(182 553)	4 015 596
Total expenditure	(7 649 803)	-	(7 649 803)	194 141	6 455 662

Deficit before taxation	-	-	-	(429 790)	(429 790)
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Actual Amount on	-	-	-	(429 790)	(429 790)
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Comparable**Basis as Presented in the****Budget and Actual****Comparative Statement**

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts**Budget on Cash Basis**

	Approved budget	Adjustments	Final Budge	Actual amounts on comparable basis and actual	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Non-Current Assets	-	-	-	43 726	43 726	
Property, plant and equipment	-	-	-	-	-	
Intangible assets	-	-	-	8 695	8 695	
Total Assets	-	-	-	52 421	52 421	
Liabilities						
Current Liabilities	-	-	-	92 989	92 989	
Operating lease liability	-	-	-	-	-	
Payables from exchange transactions	-	-	-	389 183	389 183	
Bank overdraft	-	-	-	39	39	
Total Liabilities	-	-	-	482 211	482 211	
Net Assets	-	-	-	482 211	482 211	
Net Assets	-	-	-	(429 790)	(429 790)	
Reserves						
Accumulated surplus	-	-	-	(429 790)	(429 790)	

The accounting policies on pages 12 to 24 and the notes on pages 25 to 39 form an integral part of the annual financial statements.

N1 - For the 2015/16 financial year, the amount recognised as revenue in relation government grants and subsidies is the equivalent of the expenditure incurred by the parent municipality on behalf of the agency. It should be noted that since the agency was registered in April 2016, the expenditure reflected above is only for the two months in operation in the current financial year. The expenditure on the budget is mainly reflected on the BCDA annual financial statements.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Other property, plant and equipment	Straight line	5 years

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

1.3 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identifiable if it either:

is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or

arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and

the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:

on disposal; or

when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is:

cash;

a residual interest of another entity; or

a contractual right to:

receive cash or another financial asset from another entity; or

exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

deliver cash or another financial asset to another entity; or

exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities.

A residual interest includes contributions from owners, which may be shown as:

equity instruments or similar forms of unitised capital;

a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;

1.5 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for
 - which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at
 - fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange	Financial liability measured at amortised cost

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately.

The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

1.5 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.5 Financial instruments (continued)**Derecognition****Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity derecognise the asset; and recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of CRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately. Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned,
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 15.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The entity recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.9 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity—therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.10 Revenue from exchange transactions (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.11 Value Added Tax

Buffalo City Metropolitan Development Agency is a registered Vat vendor in terms of the VAT Act with effect from 01 July 2016. Revenue, expenses and assets are recognised net of the amount of Value Added Tax except where VAT incurred on a purchase of assets or services is not recoverable from taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

The agency accounts for VAT on an invoice or accrual basis.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.12 Revenue from non-exchange transactions (continued)

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Comparative figures

As highlighted in the Board's report under the incorporation paragraph, the Agency started operating in April 2016 and therefore there are no comparative figures to these annual financial statements.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA in relation to a municipality or municipal entity means:

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) any provincial legislation providing for procurement procedures in that provincial government.
- (c) expenditure incurred in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or municipal entity which has not been condoned in terms of the such policy, but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

Upon discovery or identification of irregular expenditure that was incurred the board of directors have a responsibility to report in writing to the mayor and municipal manager of the parent municipality and the Auditor General particulars of the expenditure and steps taken to recover and prevent recurrence of the expenditure.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.18 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2016 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

2. New standards and interpretations (continued)

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of CRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Before the grantor can recognise a service concession asset in accordance with the Standard of CRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of CRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 16 (as amended 2015): Investment Property

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and CRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Various amendments were made to the Standard, affecting Definitions, Identification, Disclosure, Effective date and Transitional provisions.

2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in CRAP 16 and CRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

The effective date of the standard is for years beginning on or after 01 April 2016.

The entity expects to adopt the standard for the first time in the 2017 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Board agreed to include a research project on its work programme to review CRAP 21 and CRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

2. New standards and interpretations (continued)

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below.

General definitions:

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets. Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The entity expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below.

General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

Cash generating assets and non-cash-generating assets:

2. New standards and interpretations (continued)

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The entity expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2018.

The entity expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

2016 2015

3. Property, plant and equipment

	Cost/ Value	2016 Accumulated depreciation and accumulated impairment	Carrying	Cost/ Value	2015 Accumulated depreciation and accumulated impairment	Carrying
IT equipment	45 616	(1 890)	43 726	-	-	-

Reconciliation of property, plant and equipment – 2016

	Opening balance	Additions	Depreciation	Total
IT equipment	-	45 616	(1 890)	43 726

Pledged as security

None of the above property, plant and equipment have been pledged as security.

4. Intangible assets

	Cost/ Value	2016 Accumulated depreciation and accumulated impairment	Carrying	Cost/ Value	2015 Accumulated depreciation and accumulated impairment	Carrying
Computer software	9 485	(790)	8 695	-	-	-

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Current liabilities	-	9 485	(790)	8 695

Pledged as security

None of the above intangible assets have been pledged as security.

5. Operating lease accrual

Current liabilities	(92 989)	-
	(92 989)	-

The operating lease accrual is as a result of rental of premises and that of a multipurpose printing/copier machine. The operating lease on premises is for a twelve month period and the photocopier is for a duration of 36 months with no escalation. The liability has been determined through application of GRAP13.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank overdraft	39
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Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand 2016 2015

6. Cash and cash equivalents (continued)**The entity had the following bank accounts**

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
First National Bank Ltd – Project Cheque Account - 626-12939267	(39)	-	-	(39)	-	-

7. Payables from exchange transactions

Trade payables	159 587	-
Accrued leave pay	79 082	-
Staff Related Payables	150 514	-
	389 183	-

8. Government grants and subsidies**Operating grants**

Buffalo City Metropolitan Municipality

764 351 -

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Unconditional grants received

764 351 -

Buffalo City Metropolitan Municipality

The grant relates to the amount of expenditure incurred by BCMDA for the months of May and June 2016, which is within the annual budget allocation that was made to BCDA by the parent municipality. Buffalo City Metropolitan Municipality has as in the past maintained all financial transactions that were incurred on behalf of BCDA and BCMDA together with the related supporting documents. This allocation is for the operations of BCMDA and therefore no specific conditions attached to it other than the operations. No actual cash was transferred to the agency.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
9. Employee related costs		
Basic	67 615	-
Leave pay provision charge	79 082	-
	146 697	-
Remuneration of Chief Executive Officer- Appointed 20 April 2016		
Annual Remuneration	226 369	-
Car Allowance	40 000	-
Contributions to UIF, Medical and Pension Funds	297	-
	266 666	-
Remuneration of Chief Financial Officer- Appointed 20 April 2016		
Annual Remuneration	170 430	-
Car Allowance	20 000	-
Contributions to UIF, Medical and Pension Funds	297	-
	190 727	-
Remuneration of Company Secretary/Legal Advisor- Appointed 01 June 2016		
Annual Remuneration	71 622	-
Contributions to UIF, Medical and Pension Funds	149	-
	71 771	-
Corporate and human resources (corporate services)- Appointed 01 June 2016		
Annual Remuneration	68 605	-
Car Allowance	15 000	-
Contributions to UIF, Medical and Pension Funds	149	-
	83 754	-
Employee related costs do not have comparative figures as the agency was incorporated during the 2015/16 financial year. It is in the process of filling other vacant positions.		
10. Depreciation and amortisation		
Property, plant and equipment	1 890	
Intangible assets	790	
	2 680	
11. General expenses		
Bank charges	39	
Consulting and professional fees	81 739	
Printing and stationery	874	
Telephone and fax	17 538	
Travel-local	34 432	
Utilities - 2	33 931	
Audit Committee Remuneration	14 000	
	182 553	

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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12. Cash generated from operations

Deficit	(429 790)	
Adjustments for:		
Depreciation and amortisation	2 680	
Movements in operating lease assets and accruals	92 989	
Changes in working capital:		
Payables from exchange transactions	389 183	
	<u>55 062</u>	

13. Financial instruments disclosure**Categories of financial instruments****2016****Financial liabilities**

	At amortised cost	Total
Trade and other payables from exchange transactions	389 183	389 183
Bank overdraft	39	39
	<u>389 222</u>	<u>389 222</u>

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
14. Commitments		
Authorised capital expenditure		
Authorised operational expenditure		
Already contracted for but not provided for		
<ul style="list-style-type: none"> Operating lease - Premises Operating lease - IT equipment Email and website development and design Procurement of financial management system 	491 847 124 673 129 139 528 659 1 274 318	- - - - -
Total operational commitments		
Already contracted for but not provided for	1 274 318	-
Total commitments		
Total commitments		
Authorised operational expenditure	1 274 318	-

This committed expenditure relates to rental of photocopier, office space, procurement of internet services and the financial management system and will be financed by available bank facilities arising from funding received from Buffalo City Metropolitan Municipality.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	534 592	-
- in second to fifth year inclusive	81 928	-
	616 520	-

Operating lease payments represent rentals payable by the entity in relation to office accommodation and a multipurpose printer/copier. Office accommodation lease is for a period of a year with an option to renew. Printers/copiers rental agreement is for a period of three years with no escalation clause.

15. Contingencies

The Accounting Officer is not aware of any contingent liabilities as at 30 June 2016.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
16. Related parties		
Relationships		
Directors	Refer to directors' remuneration note 17	
Controlling entity	Buffalo City Metropolitan Municipality	
Economic entity	East London IDZ SOC Ltd	
Members of key management	Mr GB Qotywa	
Related party balances	Ms V Ntsodo Mr X Jikela	
Amounts included in Trade receivable (Trade Payable) regarding related parties		
East London IDZ SOC Ltd	(89 427)	-
Related party transactions		
Grants received from related parties		
Buffalo City Metropolitan Municipality	764 351	-

Buffalo City Metropolitan Development Agency (BCMDA) is 100% owned by Buffalo City Metropolitan Municipality (BCMM). BCMM supports the entity through an allocation of an operational grant. The agency has been in the process of being re-established since the appointment of the Board of Directors until 30 June 2016. In this period the parent municipality incurred expenses on behalf of the agency and an equivalent of the expenditure incurred was recognised as revenue. The amount reflected above is the amount that was recognised as revenue or operational grant received from BCMM.

Buffalo City Metropolitan Municipality has 26% ownership interest in East London IDZ SOC Ltd, giving it significant influence. This therefore means that there's a related party relationship between BCMDA and EL IDZ because BCMM controls BCMDA and has significant influence on the decisions or material transaction at EL IDZ. In April 2016, BCMDA entered into an office rental agreement with EL IDZ SOC Ltd for twelve months, with an option to renew. The amounts owing are as disclosed above. No rental payments were made during the year. See also Note 5.

Key management information

Class	Description	Number
Non-executive board members	Board of Directors	5
Audit Committee	Shared with parent municipality	6
Executive management	Agency management	3

17. Directors' emoluments**Executive****2016**

	Directors' fees	Total
T Bonakele	51 605	51 605
S Kondlo	24 000	24 000
V Ncwaiiba	39 355	39 355
C Sangqu	25 344	25 344
V Zitumane	16 000	16 000
	156 304	156 304

There were no other benefits paid to the Directors.

18. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the entity.

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

19. Risk management**Financial risk management**

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2016	2015
Cash and cash equivalents	(39)	-

20. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity.

21. Events after the reporting date

The Accounting Officer is not aware of any material events taking place after the reporting date that would affect the financial statements.

22. Additional disclosure in terms of Municipal Finance Management Act**Audit fees**

This is the first annual financial statements of the entity and is being audited for the first time. The audit fees for the current year will be confirmed by the auditors once the split has been concluded between BCDA and BCMDA.

PAYE and UIF

Current year - Incurred	205 299	-
Amount paid - current year	(205 299)	-
	<u>-</u>	<u>-</u>

Buffalo City Metropolitan Development Agency SOC Ltd

(Registration number 2016/168330/30)

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand

23. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Municipal Supply Chain Regulations issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same regulations states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements.

IT Equipment, internet services and a financial management system were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the board who considered them and subsequently noted the deviations from the normal supply chain management regulations as required by the regulation. The detail of the deviations is listed in the table below.

Supplier Details

	Amount
Konica Minolta - Procurement of IT Equipment	292 899
Business Connexion - Procurement of internet services including emails and website design	138 624
EBM Technologies - Procurement of financial management system	528 659
	960 182

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX J
DISCLOSURES OF FINANCIAL INTERESTS**

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2014/2015 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Councillor		
	Alderman John Henry BADENHORST	Directorship; Property; Pension; Foreign Trip; Business Undertaking (Dependant): EL IDZ; 20 Bonnie Doon Place (Owner); Living Annuity (Investec); Qatar Congress on Behalf Of Council; Peter Badenhorst (Son) Employee of Beka Electrical
	Roy Edmund ANGELBECK	Member Of Close Corporation; Trustee; Employment; Property: Park Boulevard Trading; Deroia Trust; Walter Sisulu University; Farm 691 Gonubie (Owner), 80 Queen Str, Cambridge; 9 Mayfair Rd, 5 Washington, Cambridge (Owner)
	Zolani BAKAWULI	225 Ilitha Township King Williams Town
	Wiets Mathinus BARNARD	120 Tennyson Street Quigney East London
	Susan Elizabeth BENTLEY	Educator Hod: Stirling High School Remuneration Not Stated, 8 Irune Road Bonnie Doon (Owner, 21 Newman Crescent Cambridge West (Landlord)
	Thabiso BINGWA	Member Of Close Corporation: Mip Kwand Project
	Makhaya BOPI	56883 Nompumelelo Beacon Bay East London 5241
	Evelyn Irene BRAUNS	9 Broeksma Place Buffalo Flats East London 5209, Medical Boarding Pension From Nestle Value Not Indicated
	Sakhumzi Welcome CAGA	Shares: Yizani Communication (400 Shares)
	Xolile Crosby CAKATA	Dept. Of Home Affairs (Child Support); Social Dev. (Child Grant)
	Vuyisile Alfred DIKO	1188 Kayelitsha Potsdam Mdantsane 5219, Yakha Imibono Co-Operation
	Monde Albert DONDASHE	18 Magoswana Street Duncan Village Gompo Town East London 5209,
	Terence Flavian FRITZ	Building Contractor; Employment: Daddy Tee Builders;
	Councillor Zameka GAJULA	2140 Mbekweni Mdantsane 5219
	Johannes Dick GREEN	Employment: Glomail; Reserve Bank Of Sa
	Siyabonga JABAVU	14 Canterbury Road Buffalo Flats East London 5209, Director And President Of Eastern Cape Softball Federation
	Themba Boy JIDA	Ncera Village 7 East London
	Ayanda KASHE	Child Grant – R260-00 (In The Process Of Cancellation)
	Chantal KING	39 Dorking Place Parkside East London 5209, 3 Sisters Confectioners (Pty) Ltd With No Remuneration, Elmi Tertiary Institution Part-Time Lecturer R140 Per Hour
	Marion MACKLEY	26 4 th Street Gonubie (Owner), 22 Cobbleset Lane Pinetown (Owner)
	Sizinzo Philgate Madikane	3226 Nu 7 Mdantsane 5219, Old Age Pension (Wife) R1 400
	Nomfanelo Gloria Madonono	Owner Of Vacant Land With Temporary Structure In Hanover Location, Kwt
	Sanele MAGAQA	Member Of Close Corporation: Lawzeria (Security Cleaning)
	Monwabisi Nicholson	Amaforest Director (Pty) Ltd, Tonga & Mahodi Property

Disclosures of Financial Interests		
Period 1 July to 30 June of 2014/2015 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
	Mahodi	Development, Amalinda Community Trust, Government Social Grant Of About R200
	Nomalizo Ivy Makapela-Pakade	843 Nu 16 Mdantsane 5219 (Owner)
	Makazole MAKELENI	Not Submitted
	Dumisani Bizette Maninjwa	25 Nu 10 Mdantsane 5219, Gepf R7 151. 12
	Thenjiwe Sylvia Mankahlana	Property; 845 Nu 10, Mdantsane 5219 (Owner); Foster Care Grant R860
F	Ayanda MAPISA	566 Nomvete Street Duncan Village East London 5201, Pension Late Husband R1 200
	Nosipho Ethel Maqidlana	Property; Pension: 1457 Nu 16, Mdantsane (Owner); Education Department, Cllrs Pension Fund; Momentum
	Mawethu Nicolas Marata	3241 Nu 7 Mdantsane 5219 (Owner) 9 Kems Road Amalinda
	Nokuku Gladys Marwanqa	Member Of Close Corporation: Letshe On The Way & Lolita Trading
	Zoliswa Patience Matana	8 Somthunzi Street Gompo East London (Owner), Kuni Village (Owner) Mazoba Trading Cc
	Mlandeli Julius Mateke	F519 Mahlangeni Street Duncan Village East London 5209
	Sangweni Theophilus Matwele	Property: Owner Of 26 Beumonti & Owner Of Car
	Reginah Noshiya May	366 Ntsila Street Ginsberg Location King William's Town, Pension Department Of Health R700 195, 50
	Emerald Ayanda Mcilongo	2949 Nu 12 Mdantsane, Ayato Enterprise
	Ncumisa MEKANE	10 Hutchinson Road Reeston East London (Owner)
	Francis Zwelandile Mdinwa	46 St Marks Road Southernwood East London 5201
	Jerome MDYOLO	K 15 Khayelitsha Fort Jackson, Selling Fat Cakes To Walter Sisulu University Students With A Remuneration Of About R3 000
	Nomiki Dorothy Mgezi	5 Hereford Road Amalinda (Owner), Cars Registered As Fyk 494 Ec & Dmr 415 Ec
	Ntombizandile Maureen Mhlola	Public Body: Representative Of The Community Chest
	Kevin John Mileham	Media Consultancy; Trustee; Directorship; Consultancy; Employment; Property;
		Rhurbarb Communications; Forward Momentum Business Trust, Mileham Family Trust; Guest Family Trust, Settlers Park Association; Forward Momentum Business Trust, 8 Ford Str & 40 Emerald View (Owner)
	Mkakutta Claramorolong-YEKISO	Property: Kwelera Land
	Vuyiswa Ethel Mpanza	4420 Nu 8 Mdantsane 5219
	Reun Kolisile Mpupusi	299 Hani Park Block 3 11a Mdantsane 5219 (Owner), St Johns Ambulance E.Member 10 Years
	Zininzi MTYINGIZANE	8248 Nu 3 Mdantsane 5219, Member Of The Taxi Industry With A Quantum & Siyaya
	Robert Kendal Muzzell	Shares; Member Of Close Corporation, Trustee, Directorship, Partnership, Consultancy, Retirement Annuity; Property; Pension; Public Body
		Katberg 214; Self Seal Labels Cc; Scoryke Investments; R.K. Muzzell

Disclosures of Financial Interests		
Period 1 July to 30 June of 2014/2015 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
		Family Trust, Boardman Bros. Pty (Ltd); Scoryke Cc; Iquad Consultancy; Liberty Life;
		5 Devon Place; Plankton (Morgan Bay); North End E.L., Braelyn El; Leisure Homes Retirement Centre, Rotary Club Gately
	Cynthia MXABANISI-GAKRISHE	Member Of Close Corporation; Gakrishe Family Trust: Uzubenathi Crafts; Agriculture & Farming
	Parmanundan NAICKER	Shares; Business Undertaking; Property; Pension
		Vodacom Yeboyethu, Sasol Inzalo, Mtn Asonge (Ordinary); Charisma Learning Centre, National Buiness Initiative; Amplify Inifinity; 29 Cambridge Rd, Kwt (Owner); 42 Alexander Rd, Kwt (Owner); Plot 26 Bhira – Vacant Land (Owner); Old Mutual (Spouse)
	Pumla NAZO	Member Of Close Corporation; Directorship; Property; Pension : Mayeye Trading, Mzizi Investment, Makatala Trading; 62 Avalon Rd, Beacon Bay (Owner) National Treasury; Taxi Doing Shuttle Service
	Silelo Ebby Ndevu	493 Nu 17 Mdantsane, Banguthando Cc
	Helen Elizabethneale-MAY	67 17 th Avenue Gonubie East London 5257, Garner Nosh (Pty) Ltd 95% Share Ownership, Feeding Scheme Administered By Adams & Adams, Frere Hospital Board Representing Bcmm Until 2016 Agm
	Moody Shirley Nell	Pension
	Mlandeli Leonard Ngabayena	Property: 1074 Nu 13, Mdantsane (Owner)
	Mongezi Tennyson Ngcaba	711 Bashe Street Duncan Village East London 5209 (Owner), Mongezi Ngcaba Trust, R1 386 000 4 Mimosa Road Vincent East London (Owed By The Trust), R2 000 000 Trust, Balance Held @ Hyde Park Standard Bank Branch, Gepf R2 600
	Mqondiso Albert Ngojo	Tshabo Block 2 Location Berlin, Sassa About R700
	Mxolisi Gerald Nkula	Shares; Property; Public Body: Old Mutual (R1500-00); Honey Sa; Owner Of 151 Nu 17, Mdantsane; Deployed By Council As Representative For Upe
	L. E. Ndzele	7 Landa Avenue Sunnyridge Extension (Owner), Siyathemba Location (Owner), Director Of Thethani Cc
	Gedion Thozamile Norexe	296 Litha Township, Ilitha Construction Ecivil
	Olwethu NTAME	23 Longfellow Street Q5 Rio Court Quigney East London, Abusekho Multi Purpose Company With No Remuneration So Far
	Welile Isaac Ntozini	7730 Sweetwaters King Williams Town, Gepf R3 561. 35
	Nozizwe Dorothy Otola	8 Reunion Street Beacon Bay East London 5249, Chairperson And Director Of Limekhaya Home-Based Farming Ngo
	Nontsikelelo Priscilla Peter	Property: 17 Umnqayi Rd, Sunset Bay (Owner), Provident Fund Approximately R100 000
	Vuyani PETER	Openshaw Location Tsholomnqa East London 5201
	Luke Monwabisi Quse	7 Mambu Crescent Gompo East London, Ordinary Shares With Following Impala, Mtn, Fnb & Sibanye Gold With No Monetary Value, Member Of Hermisat Company
	Annette RADEMEYER	32 Gordon Street King William's Town 5600 (Owner)
	Ntombenhle RULUMENI	25 Mederindt Crescent Baysville East London
	Rufus Donono Rwexu	434 Zone 10 Mdantsane, Special Pension R5 000
	Veliwe Vivienne Sakube	Teaching Pensioner; 479 Nu 17 Mdantsane (Landlord)
	Xolani Livingstone Samana	Trustee: Medical Aid

Disclosures of Financial Interests		
Period 1 July to 30 June of 2014/2015 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
	Jan F. SMIT	32 Elizabeth Court Inverleith Terrace Beachfront East London (Owner)
	Rowan Henry Thiele	Member Of Cc; Property, Employment (Spouse) : Sole Member Of Ronili Marketing; 2a Danbury, Dorchester (Owner), Buffalo City Metro Municipality (Spouse)
	Isabel THOMPSON	26 Bonnie Doon Vista Schultz Road Bonnie Doon 5241, 1646 Sanlam Shares Worth R3000, 639 Old Mutual Shares Worth R3993.75, In Thompson Family Property Trust, Cape Town Family Property Trust, 18 Sea View Terrace East London, 11 Mckenzie Street East London, 35 Bonnie Doon East London
	Vuyo TOKWE	Employment: E.C. Legislation; Special Pension
	Zandisile TOKWE	40375 Phase Two Tula Masiza Circle Scenery Park 5247 (Owner)
	Sindile Nimrod Tokwe	Jon 389 Village 1 Ncera East London,
	Enoch Sithembiso Tyilo	Pension: Metropolitan Life
	Mzwandile VAAIBOOM	3128 Zone 1 Zwelitsha 5608, Non-Executive Director Mayibuye Trasnport Corporation R6 500
	Dinesh VALLABH	41 Bunburry Crescent Dorchester Heights East London 5247, 100 Sasol Ordinary Shares Of R224 Each With A Total Value Of R22 400, Little Creek Property Cc, Dinesh Vallabh Trust Shop 40 Oriental Plaza St Johns Road And Shop 57 Oriental Plaza St Johns Road Commercial Properties, Acting Dean At Wsu With An Annual Remuneration Of R550 000, 50% Ownership Of 14 De Villiers Road Southernwood, 50% Ownership Of 3 Usher Street Southernwood, Travelled To Turkey To A Research Conference Sponsored By Wsu
	Lance Christopher Weyer	Employment: Hudson Park High School
	Dillion WEBB	30 Oakhill Road Vincent East London
	Patricia Williams	13a Venice Road Morningside East London, Director Of Wm & Associates Debt Collection Company
	Mkakutta Clara Yekiso-Morolong	C. Section Duncan Village East London 5209, Kwelera Location (Owner), Belos & Clanance Ikhaka (Pty) Ltd
	Pumla Patricia Yenana-Nonjiwu	9522 Nu 3 Mdantsane, Taxi Owner With A Remuneration Of About R3 000
Municipal Manager		
Chief Financial Officer	Mr V. Pillay	Stock Market Shares; Owns A Retail Outlet (Dormant); Proerty Rental Income
Deputy MM and (Executive) Directors		
Director: Development and Spatial Planning	Ms Mbali-Majeng	Spouse Director Of: Pule Funeral Directors & Mayibuye Construction & Supplies; Owns Residential Property
Other S57 Officials		
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
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**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX K
REVENUE COLLECTION PERFORMANCE
BY VOTE AND BY SOURCE**

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2014/15	Current: 2015/16			2015/16 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Revenue by Vote						
Vote 1 - Directorate - Executive Support Services	733	-	131	383	100%	66%
Vote 2 - Directorate - City Manager	28 536	37 902	47 807	22 871	0%	0%
Vote 3 - Directorate - Human Settlements	196 494	535 206	352 011	191 817	-179%	-84%
Vote 4 - Directorate - Finance	1 853 340	1 922 818	1 959 669	1 959 136	2%	0%
Vote 5 - Directorate - Corporate Services	7 832	11 851	11 851	6 667	-78%	-78%
Vote 6 - Directorate - Infrastructure Services	2 369 496	2 614 132	2 730 261	2 725 848	4%	0%
Vote 7 - Directorate - Development & Spatial Planning and Economic Development & Agencies	44 568	55 515	55 515	42 563	-30%	-30%
Vote 8 - Directorate - Health / Public Safety & Emergency Services	126 175	157 427	144 427	126 995	-24%	-14%
Vote 9 - Directorate - Municipal Services	352 676	384 756	387 256	401 893	4%	4%
Vote 10 - Directorate - Miscellaneous	615 492	850 353	780 471	670 394	0%	0%
Total Revenue by Vote	5 595 342	6 569 960	6 469 401	6 148 568	-7%	-5%
Expenditure by Vote						
Vote 1 - Directorate - Executive Support Services	158 483	164 414	192 883	181 382	9%	-6%
Vote 2 - Directorate - City Manager	79 494	102 124	111 469	72 883	0%	0%
Vote 3 - Directorate - Human Settlements	218 348	582 205	387 853	216 633	-169%	-79%
Vote 4 - Directorate - Finance	631 420	466 958	473 949	451 159	-4%	-5%
Vote 5 - Directorate - Corporate Services	123 906	214 533	175 537	138 039	-55%	-27%
Vote 6 - Directorate - Infrastructure Services	2 921 502	3 046 354	3 210 117	3 227 357	6%	1%
Vote 7 - Directorate - Development & Spatial Planning and Economic Development & Agencies	255 196	274 508	234 828	229 830	-19%	-2%
Vote 8 - Directorate - Health / Public Safety & Emergency Services	264 371	283 787	304 988	297 183	5%	-3%
Vote 9 - Directorate - Municipal Services	573 116	582 239	594 818	649 970	10%	8%
Vote 10 - Directorate - Miscellaneous	-	1 565	1 565	-	0%	0%
Total Expenditure by Vote	5 225 837	5 718 685	5 688 008	5 464 435	-5%	-4%
Surplus/ (Deficit) for the year	369 505	851 275	781 393	684 133	-24%	-14%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						
T.K.1						

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2014/15	2015/16		2015/16 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Revenue by Source						
Property rates	794 519	902 842	922 735	865 235	-4%	-7%
Property rates - penalties & collection charges	–	571	571	–	0%	0%
Service Charges - electricity revenue	1 465 814	1 658 671	1 758 671	1 694 297	2%	-4%
Service Charges - water revenue	394 282	411 381	425 381	425 276	3%	0%
Service Charges - sanitation revenue	278 832	314 571	314 571	298 552	-5%	-5%
Service Charges - refuse revenue	261 807	286 063	286 063	287 400	0%	0%
Service Charges - other	24 018	16 056	15 556	44 122	64%	65%
Rentals of facilities and equipment	17 430	18 629	18 629	16 583	-12%	-12%
Interest earned - external investments	124 222	133 620	153 620	154 706	14%	1%
Interest earned - outstanding debtors	34 999	32 175	32 175	32 661	1%	1%
Dividends received	–	–	–	–	0%	0%
Fines	5 500	10 293	6 793	5 594	-84%	-21%
Licences and permits	14 034	22 472	12 972	12 612	-78%	-3%
Agency services	–	–	–	–	0%	0%
Transfers recognised - operational	948 513	1 249 333	1 078 263	963 670	-30%	-12%
Other revenue	593 520	662 931	662 931	646 582	-3%	-3%
Gains on disposal of PPE	–	–	–	500	100%	100%
Total Revenue (excluding capital transfers and contributions)	4 957 490	5 719 607	5 688 930	5 447 791	-5%	-4%
Expenditure By Type						
Employee related costs	1 233 305	1 387 619	1 439 072	1 352 201	-3%	-6%
Remuneration of councillors	48 360	52 910	53 810	54 375	3%	1%
Debt impairment	365 110	245 009	210 279	210 111	-17%	0%
Depreciation & asset impairment	685 336	712 213	838 530	789 811	10%	-6%
Finance charges	60 674	54 313	55 313	54 878	1%	-1%
Bulk purchases	1 213 642	1 377 012	1 428 112	1 427 318	4%	0%
Contracted services	–	21 622	18 122	–	0%	0%
Transfers and grants	234 151	258 568	248 568	237 321	-9%	-5%
Other expenditure	1 352 487	1 609 419	1 396 202	1 338 420	-20%	-4%
Loss on disposal of PPE	32 772	–	–	–	0%	0%
Total Expenditure	5 225 837	5 718 685	5 688 008	5 464 435	-5%	-4%
Surplus/(Deficit)	(268 346)	922	922	(16 644)	106%	106%
Transfers recognised - capital	615 492	850 353	780 471	670 394	-27%	-16%
Contributions recognised - capital	–	–	–	–	0%	0%
Surplus/(Deficit) for the year after capital transfers and contributions	347 146	851 275	781 393	653 750	-30%	-20%
Taxation	–	–	–	–	0%	0%
Share of surplus/ (deficit) of associate	22 359	–	–	30 383	100%	100%
Surplus/(Deficit) for the year	369 505	851 275	781 393	684 133	-24%	-14%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						
T K.2						

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX L
CONDITIONAL GRANTS RECEIVED:
EXCLUDING MIG**

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Finance Management Grant	1 300	1 300	1 296	0%	0%	• Establishment of a Budget and Treasury Office (BTO) with positions filled by appropriately qualified personnel. • Appointment of at least five (5) interns over a multi-year period. • Support the training of municipal officials in financial management towards attaining the minimum competencies.
Infrastructure Skills Development Grant	8 500	8 500	4 274	-99%	-99%	• Submit evidence of graduate registration to National Treasury when graduates have qualified and are registered as professionals. • Graduates to be evaluated by professionally registered mentors quarterly on training progress. • Mentoring must be provided by registered professionals in the same field as the graduates-in training and the full names and proof of registration of the mentor must be submitted to the National Treasury.
Expanded Public Works Programme Grant	1 149	1 149	1 034	-11%	-11%	• Expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised. • Expenditure should be guided by the approved business plans. • Maintain project and payroll records as specified in the EPWP Audit requirements.
Urban Settlement Development Grant	713 132	755 535	675 653	-6%	-12%	To improve urban land production to the benefit of poor households, reduce cost of urban land, enhance quality of life in informal settlements, subsidise costs of acquiring land & provide basic services for poor households.
Neighbourhood Development Partnership Grant	20 000	–	–	0%	0%	To support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life and access of residents in under-served neighbourhoods, generally within townships.
Integrated National Electrification Programme Grant	30 000	30 000	10 517	-185%	-185%	• Use INEP funds for the refurbishment of critical infrastructure, only upon submission of a project plan which must be approved by DoE. • Register electrification master plans for bulk infrastructure with INEP and abide by the advice or guidance of the Department of Energy (DoE) regarding the central planning and co-ordination for such bulk infrastructure. • Adhere to labour intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching, planting of poles, etc. • Minimum size of supply of 1.2 KVA, After Diversity Maximum Demand (ADMD), 20 Amp per household connection, in line with the Suite of Supply Policy.
Integrated City Development Grant	5 605	5 605	4 908	-14%	-14%	• To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments. • Municipalities have the authority to select preferred investments within their functional mandates, and within identified integration zones.
Municipal Human Settlement Capacity Grant	9 253	9 253	3 281	-182%	-182%	• The capacity building plans must be aligned to the human settlements master spatial planning framework, catalytic mega projects and national priorities. • Municipal plans or catalytic project/s must be aligned and reflect conformity to the Master Spatial Plan and the National Department Plan.
Energy Efficiency & Demand Side Management Grant	13 000	4 000	3 998	0%	0%	• EDSM programme must be implemented in line with a municipality's Integrated Development Plan (IDP). • The focus for implementation of Energy Efficiency (EE) interventions shall be limited to buildings, streetlights, traffic lights, and waste water treatment and pump stations.
Other Specify:						
Total	801 939	815 342	704 962	-14%	-16%	

* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.

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COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Finance Management Grant: The Municipal Finance Management Grant was introduced to assist municipalities to increase their capacity to implement the municipal finance reforms embodied in the MFMA. The FMG seeks to assist municipalities to develop the knowledge and skills of the interns employed under this programme in areas such as strategic planning and management municipal budgeting and finance management.

The programme has acted as a catalyst in terms of uplifting the youth and given them a platform to be able to get an opportunity to be trained in financial management and other related fields within the municipal environment.

Infrastructure Skills Development Grant: The ISDG program has proven to be very effective in the skilling of the young unemployed graduates falling in the infrastructure sector and prepare them for employment. Furthermore, the programme has helped BCMM in having a pool of competent people particularly in the areas of scarce skill as shown by the rate of absorption of the professionals produced by this program. The advent of this program was at a critical moment where there was a dire need of professional people in the areas that were identified

Expanded Public Works Programme Grant: The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in compliance with the EPWP guidelines. To improve the quality of life of poor people and increase social stability through engaging the unemployed in productive activities.

Urban Settlement Development Grant: BCMM's USDG planning is aligned towards the provision of services that will improve household access to basic services through the provision of bulk and reticulation infrastructure and urban land production to support the broader urban development and spatial integration aligned to the Built Environment Performance Plan of the metro. The USDG utilizes, as a framework, the Built Environment Performance Plan (BEPP) that is consistent with the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan of Buffalo City Metropolitan Municipality (BCMM).

Integrated National Electrification Programme Grant: The purpose of the grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

On a yearly basis BCMM applies for funding for electrification. BCMM identifies housing projects that meet the guidelines laid down by the Department of Energy's electrification policy. The main criterion being, that the housing project should be 80% complete and occupied to limit vandalism to the house and electrical installation.

Integrated City Development Grant: The Buffalo City Metropolitan Municipality's (BCMM) city of East London Central Business District (ELCBD), like most cities in South Africa has fallen victim of this "downside" of urban sprawl. The BCMM spatial development framework of 2013 proposed the Inner City as one of the integration zones. This was identified as one of the key areas for a mass transit node, it is where the varsity of Fort Hare is situated and consists of accommodation for both students and some families which makes the CBD a multi-user hub. The ICDG was developed by the national government to assist in implementation of catalytic projects. The grant helps municipalities in planning programmes that can be funded by own funding and other sources of funding that are available for the municipality.

Municipal Human Settlement Capacity Grant: The purpose of the grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements.

The grant was transferred to BCMM by National Department of Human Settlements. BCMM submitted a business plan which identified a number of key strategic interventions namely training of staff, procurement of service providers to conduct project compliance audit, Health and Safety Audit, appointment of professional team to assist in pipelining (Inspectors, Social facilitators and beneficiary verification in all occupied houses).

Energy Efficiency & Demand Side Management Grant: The Republic of South Africa is in an energy crisis where Eskom generations are at the limit of their capacity and require a major build project over the next number of years to ensure that capacity is returned to normal. As the National aim is to reduce energy usage throughout the country

by 10%. Municipalities were requested to look at ways of reducing their current load profiles. The use of energy efficiency and demand side management methods are a quick win solution to the energy crisis. These methods are cost efficient and were easily implemented.

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BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX M
CAPITAL EXPENDITURE – NEW &
UPGRADE/RENEWAL PROGRAMMES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2014/15	2015/16			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	206 890	158 210	172 590	146 506	417 323	427 443	508 854
Infrastructure: Road transport - Total	110 622	20 000	20 000	19 428	106 080	105 829	56 457
Roads, Pavements & Bridges	110 622	20 000	20 000	19 428	106 080	105 829	56 457
Storm water	-	-	-	-	-	-	-
Infrastructure: Electricity - Total	38 944	66 500	66 641	43 610	43 000	53 000	51 000
Generation	-	-	-	-	-	-	-
Transmission & Reticulation	38 944	66 500	66 641	43 610	43 000	53 000	51 000
Street Lighting	-	-	-	-	-	-	-
Infrastructure: Water - Total	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-
Infrastructure: Other - Total	57 324	71 710	85 949	83 468	268 243	268 614	401 397
Waste Management	30 727	21 710	27 685	26 799	78 454	55 947	91 504
Transportation	25 256	30 000	41 566	44 810	145 789	167 667	252 893
Gas	-	-	-	-	-	-	-
Other	1 341	20 000	16 699	11 859	44 000	45 000	57 000
Community - Total	20 706	35 069	15 497	13 726	21 000	21 000	21 000
Parks & gardens	3 576	-	-	-	500	500	500
Sportsfields & stadia	-	-	-	-	500	500	500
Swimming pools	-	-	-	-	-	-	-
Community halls	7 392	27 069	6 626	5 791	10 000	10 000	10 000
Libraries	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-
Cemeteries	9 738	-	-	-	10 000	10 000	10 000
Social rental housing	-	-	-	-	-	-	-
Other	-	8 000	8 871	7 935	-	-	-
Table continued next page							

Table continued from previous page

Capital Expenditure - New Assets Programme*							
R '000							
Description	2014/15	2015/16			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Investment properties - Total	145 316	211 274	227 880	202 832	201 941	190 030	197 627
Housing development	145 316	211 274	227 880	202 832	201 941	190 030	197 627
Other	-	-	-	-	-	-	-
Other assets	48 568	125 375	127 707	74 614	113 570	118 949	115 614
General vehicles	25 117	48 450	48 450	47 384	18 200	20 000	20 000
Specialised vehicles	-	7 600	5 588	3 533	11 000	4 000	-
Plant & equipment	688	8 675	43 105	13 154	14 966	16 229	5 240
Computers - hardware/equipment	1 718	40 650	30 565	10 542	20 700	30 000	18 500
Furniture and other office equipment	10 178	-	-	-	23 972	18 928	16 750
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	4 821	-	-	-	5 286	4 712	5 499
Other Buildings	1 161	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-
Other	4 885	20 000	-	-	19 446	25 079	49 625
Agricultural assets	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	421 480	529 928	543 675	437 677	753 834	757 422	843 094
Specialised vehicles	-	7 600	5 588	3 533	-	-	-
Refuse	-	-	-	-	-	-	-
Fire	-	7 600	5 588	3 533	-	-	-
Conservancy	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2014/15	2015/16			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	496 725	686 056	783 922	695 899	720 091	880 024	882 172
Infrastructure: Road transport - Total	212 002	245 000	343 894	317 251	161 099	168 000	233 000
Roads, Pavements & Bridges	212 002	245 000	343 894	317 251	161 099	168 000	233 000 000
Storm water	-	-	-	-	-	-	-
Infrastructure: Electricity - Total	79 994	92 000	104 832	103 042	100 000	110 000	120 000
Generation	-	-	-	-	-	-	-
Transmission & Reticulation	79 994	92 000	104 832	103 042	100 000 000	110 000 000	120 000 000
Street Lighting	-	-	-	-	-	-	-
Infrastructure: Water - Total	90 752	91 000	125 672	116 452	87 500	95 000	140 000
Dams & Reservoirs	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-
Reticulation	90 752	91 000	125 672	116 452	87 500	95 000	140 000
Infrastructure: Sanitation - Total	113 978	-	209 524	159 154	371 492	507 024	389 172
Reticulation	113 978	-	209 524	159 154	371 492	507 024	389 172 252
Sewerage purification	-	-	-	-	-	-	-
Infrastructure: Other - Total	-	258 056	-	-	-	-	-
Waste Management	-	258 056	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Community	4 788	30 700	25 897	18 895	19 855	20 177	20 832
Parks & gardens	-	-	-	-	-	-	-
Sportsfields & stadia	4 495	22 700	17 147	11 815	10 000	10 000	10 000
Swimming pools	-	-	-	-	2 500 000	2 000 000	2 000 000
Community halls	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-
Recreational facilities	293	8 000	8 750	7 080	7 354 644	8 177 000	8 832 100
Fire, safety & emergency	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-
Buildings							
Other							
Table continued next page							

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2014/15	2015/16			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Other assets	7 056	28 671	27 784	33 902	64 355	63 200	31 900
General vehicles	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	700 000	800 000	900 000
Computers - hardware/equipment	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	7 056	24 221	26 784	16 336	62 655	61 400	30 000 000
Other Buildings	-	-	-	-	-	-	-
Other Land	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	16 835	-	-	-
Other	-	4 450	1 000	731	1 000 000	1 000 000	1 000 000
Agricultural assets	-	-	-	-	-	-	-
List sub-class	-	-	-	-			
Biological assets	-	-	-	-	-	-	-
List sub-class	-	-	-	-			
Intangibles	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-			
Other (list sub-class)	-	-	-	-			
Total Capital Expenditure on renewal of existing assets	508 570	745 427	837 602	748 696	804 300	963 401	934 904
Specialised vehicles	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX N
CAPITAL PROGRAMME BY PROJECT 2015/2016

APPENDIX N: CAPITAL PROGRAMME BY PROJECT 2015/2016

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
DIRECTORATE OF EXECUTIVE SUPPORT SERVICES					
Office Furniture and Equipment (Directorate)	–	120	114	-5%	100%
Office Furniture and Equipment (Councillors)	–	1 120	1 121	0%	100%
Garcia Flats	–	459	–	0%	0%
Councillor's Office Accommodation (BUILD - ACQUISITIONS)	3 000	–	–	0%	0%
Service Delivery Public Participation Truck with full Sound System (TRANSPORT -ACQUISITIONS)	1 200	1 200	0	-504102%	-504102%
Office Furniture and Equipment (City Hall) (FURN/OFF EQUIP - ACQUISITIONS)	2 000	2 000	987	-103%	-103%
TOTAL: EXECUTIVE SUPPORT SERVICES	6 200	4 898	2 222	-120%	-179%
MUNICIPAL MANAGERS 'OFFICE					
Neighbourhood Development Partnership	20 000	–	–	0%	0%
Integrated City Development Grant	–	5 605	4 908		
Furniture and Equipment - Project Management Office	1 500	257	234	-10%	-541%
TOTAL: MUNICIPAL MANAGERS 'OFFICE	21 500	5 862	5 142	-14%	-318%
DIRECTORATE OF HUMAN SETTLEMENTS					
Beneficiary Administration (Procure GPS Devices)	150	–	–	0%	0%
MHSCG - Computer Equipment	–	1 100	83	-1222%	100%
Reeston Phase 3: Stage 2	15 000	18 000	18 000	0%	17%
Reeston Phase 3 Stage 3	30 000	54 113	51 835	-4%	42%
Reeston Phase 3 Stage 2	5 000	5 837	5 837	0%	14%
Reeston Phase 3 Stage 3	5 000	5 548	15 036	63%	67%
Potsdam Ikhwezi Block 1	8 900	202	164	-23%	-5311%
Potsdam Ikhwezi Block 2	200	200	75	-167%	-167%
Potsdam North Kanana	200	643	–	0%	0%
Ilitha North 177 Units	4 000	100	–	0%	0%
Duncan Village Proper	20 000	–	–	0%	0%
C Section and Triangular Site P1-P3	11 300	–	–	0%	0%
D Hostel P1 & P3	9 300	–	–	0%	0%
Mdantsane Zone 18 CC Phase 2	8 500	2 747		-17%	-262%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
			2 346		
Block Yard TRA	–	2 000	1 469	-36%	100%
Second Creek (Turn Key)	–	2 341	–	0%	0%
Amalinda Co- Op	4 800	239	44	-438%	-10700%
Amalinda Fairlands	300	300	–	0%	0%
Cluster 1 (Masibambane; Masibulele; Velwano; Ilinge and Dacawa)	25 000	71 505	47 761	-50%	48%
Cluster 2 (Chris Hani 3; Winnie Mandela; Deluxolo Village; Sisulu Village; Francis Mei; Mahlangu Village, Mathemba Vuso, Gwentshe)	13 024	4 568	2 123	-115%	-514%
Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	25 350	46 350	52 742	12%	52%
Braelyn ext 10	6 300	800	389	-106%	-1519%
Sunny South	100	532	3 539	85%	97%
Westbank Restitution	16 000	–	–	0%	0%
10 Gates at Z. Soga Beneficiaries of Mdantsane West	–	30	–	0%	0%
Ilitha Eradication of Wooden Houses to formal houses	–	1 400	484	-189%	100%
Manyano & Tembelihle (water meters)	–	1 000	987	-1%	100%
Egoli Electrification of 31 houses	–	140	–	0%	0%
Mdantsane Urban Renewal Project (Mount Ruth Node)	–	9 036	–	0%	0%
Tyutyu Phase 3	500	250	–	0%	0%
DVRI Infrastructure Programmes	2 500	–	–	0%	0%
Office Furniture - Human Settlement	–	361	128	-182%	100%
Office Furniture - Human Settlement	–	150	–	0%	0%
TOTAL : HUMAN SETTLEMENTS	211 424	229 491	203 043	-13%	-4%
DIRECTORATE OF FINANCIAL SERVICES					
Office Furniture and Equipment (Directorate)	–	432	352	-23%	100%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Office Furniture and Equipment - Interns	-	120	102	-17%	100%
Office Furniture and Equipment - SCM	-	200	176	-14%	100%
TOTAL : FINANCIAL SERVICES	-	752	630	-19%	100%
DIRECTORATE OF CORPORATE SERVICES					
IT Systems Intergration - (Process Implementation)	12 000	-	-	0%	0%
IT Systems	-	555	-	0%	0%
Security Software	-	2 398	-	0%	0%
IT Infrastructure Network Upgrade	4 000	5 390	3 890	-39%	-3%
Computer Equipment - BCMM	-	618	605	-2%	100%
IT Infrastructure Servers	2 000	2 494	467	-434%	-328%
Office Furniture and Equipment and Computers	100	100	88	-13%	-13%
Electronic Attendance Control System	-	1 889	-	0%	0%
Extensions to Employee Wellness Centre	-	2 116	1 807	-17%	100%
ICT Networks and Communications for Call Centre	500	-	-	0%	0%
IT Hardware for Call Centre	1 500	-	-	0%	0%
Vending Machines	-	126	93	-34%	100%
Office Furniture and Equipment c/o	-	413	196	-111%	100%
Computer Requirements - Youth Advisory Centres	-	200	55	-264%	100%
Electronic Attendance Control System (COMPUTER EQUIP - ACQUISITIONS)	1 500	1 500	93	-1511%	-1511%
IT Fibre Installations for SCM, IDZ and Community Services in 2014/2015 (KWT and Bhisho in 2015/2016 and Mdantsane, Reeston, East London Traffic and Mechanical Workshop in 2016/2017)	-	3 500	1 679	-109%	100%
Office Furniture & Equipment - Job Evaluation Unit	-	300	28	-953%	100%
TOTAL : CORPORATE SERVICES	21 600	21 598	9 001	-140%	-140%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
DIRECTORATE OF INFRASTRUCTURE SERVICES					
Office Furniture and Equipment (Directorate)	550	550	418	-31%	-31%
Upgrading of Laboratory Infrastructure	–	2 806	170	-1550%	100%
Bulk Sanitation Provision - Programme	190 000	–	–	0%	0%
Waste Water Infrastructure Capacity (KWT Reg Scheme)	–	31 400	26 400	-19%	100%
Reeston Phase 3 Bulk Services Sewer	–	39 351	33 767	-17%	100%
Mdantsane Infrastructure- Refurbishment/ Augmentation	–	2 000	1 508	-33%	100%
Diversion of Amalinda & Wilsonia Effluent	–	1 500	1 361	-10%	100%
Mdantsane Waste Water Treatment Works - Renewal of Existing Assets	24 506	8 249	8 249	0%	-197%
Eastern Beach Sewers	–	30 990	3 902	-694%	100%
Ablution Blocks	–	3 000	4 007	25%	100%
Berlin Sewers	–	15 000	8 879	-69%	100%
Hoodpoint Marine Outfall	–	1 000	1 000	0%	100%
West Bank Restitution Sewer Infrastructure	–	5 000	4 922	-2%	100%
Quinera WWTW	–	7 100	5 313	-34%	100%
Gqozo Village Phase 2	–	15 000	15 435	3%	100%
Bulk Sanitation Provision - Replacing Existing Infrastructure	40 000	43 579	41 066	-6%	3%
EL Hood Point Pre-treatment Facility Recapitalisation	3 000	3 000	2 758	-9%	-9%
KWT and Bisho Infrastructure(Water)	–	12 649	6 639	-91%	100%
Amahleke Water Supply	–	4 209	2 837	-48%	100%
Augmentation of Water Treatment Capacity	–	17 000	12 347	-38%	100%
Upgrade Water Networks in terms of Densification and Augmentation	–	4 000	5 512	27%	100%
Water Supply Coastal Areas and backlog eradication	51 000	23 500	26 934	13%	-89%
Bulk Water Provision Replacing of Existing	40 000	47 706	46 352	-3%	14%
Bulk Water Provision Replacing of Existing Infrastructure	–	6 107	5 472	-12%	100%
West Bank Restitution - Water	–	10 500	10 359	-1%	100%
Upgrade Mdantsane Roads	60 000	70 765	59 996	-18%	0%
Quenera Beacon Bay Link Road	20 000	20 000	19 428	-3%	-3%
Fleet Street	20 000	20 000	19 994	0%	0%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Gonubie Main Road	10 000	10 000	9 701	-3%	-3%
KWT Roads	10 000	10 000	9 637	-4%	-4%
Rural Roads	30 000	30 000	33 090	9%	9%
RDP Roads - Inland, Midlands and Coastal	15 000	15 000	11 636	-29%	-29%
Rehabilitation of BCMM Bridges	5 000	5 000	1 478	-238%	-238%
Procurement of Graders for Rural Roads	15 000	15 000	14 435	-4%	-4%
Mdantsane Roads	–	8 554	8 195	-4%	100%
Fleet Street	–	10 000	13 065	23%	100%
Urban Roads	–	13 704	850	-1512%	100%
Roads Provision - Replacing Existing Infrastructure	80 000	130 266	130 266	0%	39%
BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles	48 000	48 000	47 384	-1%	-1%
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	50 000	50 000	48 209	-4%	-4%
Bulk Electricity Infrastructure Upgrade - Replacing Existing Infrastructure	40 000	52 832	52 832	0%	24%
INEP Electrification Programme	30 000	30 000	10 517	-185%	-185%
INEP Electrification Programme - Counterfunding	5 000	14 141	5 000	-183%	0%
Electrification of Informal Dwelling Areas within BCMM	15 000	15 000	15 000	0%	0%
Street Lighting and Highmasts within BCMM Areas of Supply - Informal Settlements	3 500	3 500	9 095	62%	62%
Replacement and Refurbishment of Bulk ELECT Infrastructure	2 000	2 000	2 000	0%	0%
Electricity Demand Side Management Programme	13 000	4 000	3 998	0%	-225%
TOTAL : INFRASTRUCTURE SERVICES	820 556	912 958	801 412	-14%	-2%
DIRECTORATE OF DEVELOPMENT & SPATIAL PLANNING					
Office Furniture and Equipment (Directorate)	–	500	123	-305%	100%
Upgrade KWT Payments Hall	3 500	–	–	0%	0%
Land Acquisition	–	11 000	10 757	-2%	100%
Integrated Transport Plan Implementation Programme	30 000	30 566	30 566	0%	2%
Rehabilitation of Municipal Buildings	–	3 462	3 462	0%	100%
Rehabilitation of Midland Existing Municipal Buildings and Old Mutual Building (Finance)	10 000	4 321	1 414	-205%	-607%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Rehabilitation of Midland Existing Municipal Buildings and Old Mutual Building (Finance)	–	1 432	1 299	-10%	100%
Building Refurbishments and Upgrading of Lifts for BCMM Buildings	821	–	–	0%	0%
SCM Inventory Warehousing and Fencing	900	900	773	-16%	-16%
Re-roofing of Garcia Flats block A and B	3 000	3 000	2 889	-4%	-4%
TOTAL : DEVELOPMENT & SPATIAL PLANNING	48 221	55 180	51 283	-8%	6%
DIRECTORATE OF ECONOMIC DEVELOPMENT & AGENCIES					
Incubation Hubs	–	2 000	724	-176%	100%
Rural Agric. Infrastructure	–	2 000	–	0%	0%
Enabling Infrastructure Programme - LED (USDG)	10 000	2 699	2 329	-16%	-329%
Enabling Infrastructure Programme - LED	10 000	10 000	8 806	-14%	-14%
TOTAL : ECONOMIC DEVELOPMENT & AGENCIES	20 000	16 699	11 859	-41%	-69%
DIRECTORATE OF HEALTH, PUBLIC SAFETY & EMERGENCY SERVICES					
Fire Engine	7 600	600	422	-42%	-1699%
Fire Engine c/o	–	3 111	3 111	0%	100%
Replacement of 2X Bush Fire Vehicles written off	–	532	–	0%	0%
Replacement of Vehicles	–	1 200	–	0%	0%
Replacement of Vehicles	–	145	–	0%	0%
Fire Equipment	1 000	1 000	34	-2812%	-2812%
Fire Equipment c/o	–	857	369	-132%	100%
Air Monitoring Station	500	500	19	-2471%	-2471%
Vehicles	450	450	–	0%	0%
Closed Circuit Television Network - CCTV	2 000	–	–	0%	0%
Upgrading of Existing CCTV Control Room	–			-8%	100%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
		300	277		
Closed Circuit Television Network - CCTV c/o	–	1 887	106	-1678%	100%
CCTV Cameras for BCMM Cash Offices	1 500	1 500	–	0%	0%
Vehicle Test Station Equipment	1 000	1 000	–	0%	0%
Traffic Enforcement Equipment	500	500	3	-18235%	-18235%
Traffic Services East London - Generator / Solar System	500	500	3	-16285%	-16285%
KWT Traffic Building	6 000	119	105	-14%	-5638%
Mdantsane Testing Station c/o	–	118	117	-1%	100%
Equipment for Traffic Services	–	100	22	-360%	100%
Learners Licence Centre - Mdantsane	–	308	221	-40%	100%
Upgrade CCTV Control Room at Fire Station	400	400	–	0%	0%
Law Enforcement Equipment	200	300	–	0%	0%
TOTAL : HEALTH, PUBLIC SAFETY & EMERGENCY SERVICES	21 650	15 428	4 810	-221%	-350%
DIRECTORATE OF MUNICIPAL SERVICES					
Office Furniture	–	198	189	-5%	100%
Development and Upgrading of Cemeteries(Inland, Midland and Coastal)	8 000	8 871	7 935	-12%	-1%
Construction of Nompumelelo Halls	5 000	4 531	3 949	-15%	-27%
Development and Upgrading of Community Halls - War Memorial Hall Upgrade of Parking Area, O.R.Tambo Hall Upgrade of Parking Area, Egoli Community Hall(New Hall), Needs Camp Community Hall Upgrade, Orient Theatre Upgrade, Continuation of KWT Town Hall and NU 5 Hall Mdantsane	9 000	2 095	1 842	-14%	-389%
Reeston MPCC - DVR1	13 069	–	–	0%	0%
Sports equipment and structures	1 000	4 000	2 922	-37%	66%
Redevelopment of Mdantsane NU 2 Swimming Pool	7 500	1 523	1 420	-7%	-428%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Upgrading of Dimbaza and Zwelitsha Stadium	2 700	2 700	553	-388%	-388%
Upgrading of Floodlights at Victoria Grounds, Bhisho Stadium, Ginsberg stadium, Sisa Dukashe Stadium, Alfred Schoeman Stadium, North End Stadium, Jan Smuts Stadium, Amalinda Stadium, and Gompo Stadium	3 000	3 000	2 019	-49%	-49%
Upgrading of Phakamisa and Mount Coke sports fields	1 500	1 525	1 500	-2%	0%
Upgrading of Waterworld	5 000	2 853	2 532	-13%	-97%
Completion of Upgrading of 2010 Stadium	–	1 309	27	-4841%	100%
Upgrading of Resort	5 000	5 000	3 747	-33%	-33%
Refurbishment of Swimming Pools	2 500	2 500	2 073	-21%	-21%
Upgrading of Zoo Facilities	1 500	1 500	1 333	-13%	-13%
Upgrading of Beaches Facilities	1 500	2 250	2 000	-13%	25%
Grass Cutting Equipment	–	906	279	-225%	100%
Solid Waste Programme- Weigh Bridge KWT	–	1 121	616	-82%	100%
Waste Management Programme - Plant and Equipment	–	7	–	0%	0%
Waste Management Facilities Programme	1 000	–	–	0%	0%
Construction and Rehabilitation of Waste Cells	20 710	27 677	26 799	-3%	23%
Solid Waste Mechanical Plant and Vehicles	–	30 498	3	-923633%	100%
Plant and Equipment for the Beaches	500	700	384	-82%	-30%
Fencing of Sports Fields	500	1 737	1 692	-3%	70%
Upgrading of Coastal Nature Reserves	4 450	1 000	731	-37%	-509%
Plant and Equipment for Nature Reserves	450	450	114	-294%	-294%
Tools and Equipment (Zoo)	25	75	57	-31%	56%
Plant and Equipment for the Aquarium	300	300	180	-67%	-67%
Replacement of Brush Cutters	–	84	84	0%	100%
TOTAL : MUNICIPAL SERVICES	94 204	108 411	64 981	-67%	-45%

Capital Programme by Project: 2015/16					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Asset Replacements - Insurance	10 000	10 000	1 404	-612%	-612%
TOTAL CAPITAL PROGRAMME	1 275 354	1 381 277	1 155 787	-20%	-10%
INV PROP: F VAL - ADDITIONS DIRECT	-	-	13 728	100%	100%
PPE CO:LAND ALL - ACQUISITIONS	-	-	23	100%	100%
TOTAL CAPITAL (incl. Investment Property fair value and Land acquisitions)	1 275 354	1 381 277	1 186 373	-16%	-8%
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**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX O
CAPITAL PROGRAMME BY PROJECT
BY WARD 2015/2016**

APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2015/2016

Capital Programme by Project by Ward: 2015/2016		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
Bulk Water Provision - Programme	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	No
Water Supply Coastal & Backlog	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	No
KWT & Bisho Infrastructure	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	No
Amahleke Water Supply	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	No
Augmentation of water treatment	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	No
Upgrade Water Networks	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	No
West Bank Water Supplies	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	Yes
Bulk Water Provision Replacing of Existing Infrastructure	34,37,38,39,40,41,43,44,49,35,11,12,13,14,42,48,50,17,20,23,1-25 & 28,29,30,31, & 33,27,31,33,36,1,2,7,14,17,20,21,22,23,30,2,8,25,34,44,41	No
Electricity		
BCMM Fleet, Plant and Specialised Equipment and Specialised Solid Waste Vehicles	All Wards	Yes
Bulk Electricity Infrastructure Upgrade(Ring-Fenced 4% of the Total Electricity Revenue)	16, 18,29,35	Yes
Bulk Electricity Infrastructure Upgrade - Replacing Existing Infrastructure	16, 18,29,35	Yes
INEP Electrification Programme	1,3,19,	Yes
Electricity Demand Side Management Programme	1,3,19,	Yes
INEP Electrification Programme - Counterfunding	1,2, 7, 8, 9,10	Yes
Electrification of Informal Dwelling Areas within BCMM	2,7,8,9,11,12	Yes
Street Lighting and Highmasts within BCMM Areas of Supply - Informal Settlements	10,15,29,28,36,46	Yes
Replacement and Refurbishment of Bulk ELECT Infrastructure	10,15,29,28,36,46	Yes

Capital Programme by Project by Ward: 2015/2016			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Roads			
Quenera Beacon Bay Link Road	21,22,23,46,47,28	No	
Upgrading of Mdantsane Roads	11, 12, 14, 17, 20, 20, 21, 22, 23, 30, 42,48 50	No	
KWT Roads	35	No	
Gonubie Main Road	28	No	
Rural Roads	47	No	
Fleet Street	1 to 50	No	
RDP Roads - Inland, Midlands and Coastal	46	No	
Rehabilitation of BCMR Bridges and Stormwater	1 to 50	No	
Roads Provision - Replacing Existing Infrastructure	24,26,31, 33, 35,36, 37, 38, 39, 40, 41, 49, 44, 43, 45,	No	
Procurement of Graders for Rural Roads - Yellow Fleet	24,26,31, 33, 35,36, 37, 38, 39, 40, 41, 49, 44, 43, 45,	No	
Mdantsane Roads	11, 12, 14, 17, 20, 20, 21, 22, 23, 30, 42,48 50	No	
Fleet Street	3	No	
Urban Roads	1 to 50	No	
Human Settlements			
Beneficiary Administration (Procure GPS Devices)	All Wards	No	
Reeston Phase 3: Stage 2	13	No	
Reeston Phase 3 Stage 3	13	No	
Reeston Phase 3 Stage 2	13	No	
Reeston Phase 3 Stage 3	13	No	
Potsdam Ikhwezi Block 1	24	No	
Potsdam Ikhwezi Block 2	24	Yes	
Potsdam North Kanana	24	Yes	
Iliitha North 177 Units	45	Yes	
Duncan Village Proper	15	Yes	
C Section and Triangular Site	2	Yes	
D Hostel	2	Yes	
Mdantsane Zone 18 CC Phase 2	23	No	
Amalinda Co- Op	9	No	
Amalinda Fairlands	9	No	
Cluster 1 (Masibambane; Masibulele; Velwano; Ilinge and Dacawa)	48,12,21,11,17,11,20	Yes	
Cluster 2 (Chris Hani 3; Winnie Mandela; Deluxolo Village; Sisulu Village; Francis Mei; Mahlangu Village, Mathemba Vuso, Gwentshe)	17,14,	No	
Cluster 3 (Fynbos Informal 1, Fynbos Informal 2, Ndancama) P1 & P3	10	No	
Braelyn ext 10	9	No	
Sunny South	31	No	
Tyutyu Phase 3	43	No	
Westbank Restitution	46	No	
DVRI Infrastructure Programmes	1,10	No	
Office Furniture - Human Settlement	1 to 50	Yes	
Office Furniture - Human Settlement	1 to 50	Yes	
10 Gates at the Z. Soga Beneficiaries of Mdantsane West	1,10	Yes	
Block Yard TRA	1	Yes	
Iliitha Eradication of Wooden Houses to formal houses	45	Yes	
Manyano & Tembelihle (water meters)	48,12,21,11,17,11,20	Yes	
Egoli Electrification of 31 houses	10	Yes	
Second Creek Housing Project	19	Yes	
Mdantsane Urban Renewal Project (Mount Ruth Node)	23	Yes	

Capital Programme by Project by Ward: 2015/2016			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Sanitation			
Office Furniture and Equipment (Directorate)	All Wards	Yes	
Bulk Sanitation Provision - Programme	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
Waste Water Infrastructure Capacity	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Reeston Phase 3 Bulk Services Sewer	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Mdantsane Infrastructure- Refurbishment/ Augmentation	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Diversion of Amalinda & Wilsonia Effluent	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Sanitation Backlog Eradicate	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Ablution Blocks	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
Berlin Sewers	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Hoodpoint Marine Outfall	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Gqozo Village Phase 2	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
West Bank Reinstatement Sewer Infrastructure	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
Quinera WWTW	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Bulk Sanitation Provision - Replacing Existing Infrastructure	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
Mdantsane Waste Water Treatment Works - Renewal of Existing Assets	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	Yes	
EL Hood Point Pre-treatment Facility Recapitalisation	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
Bulk Sanitation Provision - Eastern Beach Sewer	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
Upgrading of Laboratory Infrastructure	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
Upgrading of Laboratory Infrastructure	13,28,5,10,16,27,31,32,33,1,2,3,6,10,18,19,47	No	
Sports and Recreation			
Development and Upgrading of Community Halls - War Memorial Hall - Upgrade of Parking Area, Egoli Community Hall (New Hall), Continuation of KWT Town Hall, 5 NU Halls Mdantsane and painting of Carnegie Hall.	42,39,13,33,5	Yes	
Construction of Nompumelelo Hall	1,10	Yes	
Reeston MPCC - DVR1	1,10	Yes	
Upgrading of Beach Facilities	1 to 50	Yes	
Refurbishment of Swimming Pools	1 to 50	No	
Plant and Equipment for the Beaches	1 to 50	Yes	
Redevelopment of Mdantsane NU 2 Swimming Pool	20, 46	No	
Upgrading of Waterworld	20, 46	Yes	
Upgrading of Dimbaza and Zwellitsha Stadium	42,33,47,36,41,43,37,43,19,3	Yes	
Upgrading of Dimbaza and Zwellitsha Stadium	34,41	Yes	
Upgrading of Floodlights at Victoria Grounds, Bhisho Stadium, Ginsberg stadium, Sisa Dukashe Stadium, Alfred Schoeman Stadium, North End Stadium, Jan Smuts Stadium, Amalinda Stadium, and Gomo Stadium	42,33,47,36,41,43,37,43,19,3	No	
Upgrading of Floodlights at Victoria Grounds, Bhisho Stadium, Ginsberg stadium, Sisa Dukashe Stadium, Alfred Schoeman Stadium, North End Stadium, Jan Smuts Stadium, Amalinda Stadium, and Gomo Stadium	35,37,39,3,43,1,16,	No	
Fencing of Sports Fields	42,33,47,36,41,43,37,43,19,3	No	
Completion of Upgrading of 2010 Stadium	1 to 50	Yes	
Upgrading of Phakamisa and Mount Coke Sports Fields	25 & 40	No	
Upgrading of Phakamisa and Mount Coke Sports Fields	25 & 40	No	
Sports Equipment and Structures	42,33,47,36,41,43,37,43,19,3	Yes	
Development and Upgrading of Cemeteries(Inland, Midland and Coastal)	1 to 50	Yes	
Upgrading of Coastal Nature Reserves	1 to 50	No	
Upgrading of Zoo Facilities	1 to 50	No	
Upgrading of Resorts	1 to 50	No	
Plant and Equipment for Nature Reserves	1 to 50	No	
Tools and Equipment (Zoo)	1 to 50	No	
Plant and Equipment for the Aquarium	47	No	
Replacement of Brush Cutters	1 to 50	No	
Grass Cutting Equipment	1 to 50	No	
Office Furniture	1 to 50	No	

Capital Programme by Project by Ward: 2015/2016		
R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Asset Replacements - Insurance	All Wards	Yes
ICT (Information & Communications Technology) and Other		
IT Systems Intergration - (Process Implementation) (SOFTWARE - ACQUISITIONS)	All Wards	Yes
IT Systems c/o	All Wards	Yes
IT Systems Intergration - (Process Implementation) c/o	All Wards	Yes
Security software c/o	All Wards	Yes
Extensions to Employee Wellness centre	All Wards	Yes
Vending Machines	All Wards	Yes
Office Furniture and Equipment c/o	All Wards	Yes
IT Infrastructure Network Upgrade	All Wards	Yes
IT Infrastructure Network Upgrade c/o	All Wards	Yes
IT Infrastructure Upgrade c/o	All Wards	Yes
Computer Equipment	All Wards	No
Electronic Attendance Control System c/o	All Wards	No
IT Infrastructure Servers	All Wards	Yes
IT Infrastructure Servers c/o	All Wards	Yes
ICT Networks and Communications for Call Centre	All Wards	Yes
IT Networks and Communications for Call Centre c/o	All Wards	Yes
IT Hardware for Call Centre	All Wards	Yes
IT Hardware for Call Centre c/o	All Wards	Yes
Computer Requirements - Youth Advisory Centres	All Wards	Yes
Office Furniture and Equipment and Computers (COMPUTER EQUIP - ACQUISITIONS)	All Wards	Yes
Electronic Attendance Control System (COMPUTER EQUIP - ACQUISITIONS)	All Wards	No
IT Fibre Installations for SCM, IDZ and Community Services in 2014/2015 (KWT and Bhisho in 2015/2016 and Mdantsane, Reeston, East London Traffic and Mechanical Workshop in 2016/2017)	All Wards	Yes
Office Furniture & Equipment - Job Evaluation Unit	All Wards	Yes
Planning & Economic Development		
Integrated Transport Plan Implementation Programme	1 to 50	No
Integrated Transport Plan Implementation Programme	1 to 50	No
Land Acquisition	Will provide ward no, as soon as land is availed/identified	No
Rehabilitation of Midland Existing Municipal Buildings and Old Mutual Building (Finance)	1 to 50	No
Rehabilitation of Municipal Buildings	1 to 50	No
Building Refurbishments and Upgrading of Lifts for BCMM Buildings	1 to 50	No
SCM Inventory Warehousing and Fencing	1 to 50	No
King Williams Town Payments Hall	1 to 50	No
Re-roofing of Garcia Flats block A and B	1 to 50	No
Building Refurbishments and Upgrading of Lifts for BCMM Buildings	1 to 50	No
Rehabilitation of Midland Existing Municipal Buildings and Old Mutual Building (Finance)	1 to 50	Yes
Rehabilitation of Midland Existing Municipal Buildings and Old Mutual Building (Finance)	1 to 50	Yes
Office Furniture	1 to 50	Yes
Enabling Infrastructure Programme - LED	1 to 50	No
Enabling Infrastructure Programme - LED	1 to 50	No
Incubation Hubs	1 to 50	No
Rural Agric. Infrastructure	1 to 50	No

Capital Programme by Project by Ward: 2015/2016			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Safety and Security			
Office Furniture and Equipment (Directorate)	1 to 50	Yes	
Office Furniture and Equipment (Health)	1 to 50	Yes	
Municipal Health Services - IT & Database Development	1 to 50	No	
Office Furniture and Equipment (GM Public Safety)	1 to 50	Yes	
Fire Engine	1 to 50	No	
Office Furniture and Equipment (Fire & Rescue Services)	1 to 50	Yes	
KWT Fire Station	All Wards	Yes	
Replacement of 2X Bush Fire Vehicles written off	All Wards	No	
Replacement of 5X Air Conditioners	All Wards	Yes	
Fire Equipment	All Wards	No	
Closed Circuit Television Network - CCTV	All Wards	No	
Upgrading of Existing CCTV Control Room	All Wards	No	
Closed Circuit Television Network - CCTV c/o	All Wards	Yes	
Fire Arms - Traffic and Law Enforcement	1 to 50	Yes	
Office Furniture and Equipment (Law Enforcement)	1 to 50	Yes	
Security Equipment - DVR/I	All Wards	No	
CCTV Cameras for BCMM Cash Offices	All Wards	No	
Equipment for Law Enforcement Services	All Wards	No	
Office Furniture and Equipment (Traffic Services)	All Wards	Yes	
KWT Traffic Building	35	No	
Mdantsane Testing Station - Equipment	20	No	
Air Monitoring Station	1 to 50	No	
Tactic Radio Network	1 to 50	No	
Early Warning Systems	1 to 50	No	
Road Closure and Events Equipment	1 to 50	No	
Traffic Enforcement Equipment	1 to 50	No	
Fire Equipment	1 to 50	No	
Vehicle Pound	27	No	
Vehicle Test Station Equipment	27,1,41	No	
Upgrade Vehicle Test Station	27,1,41	No	
Equipment for Traffic Services	All Wards	No	
Learners Licence Centre - Mdantsane	All Wards	Yes	
Office Furniture and Equipment (Disaster Management)	All Wards	No	
Solid Waste Management			
Solid Waste Programme- Weigh Bridge KWT	All Wards	No	
Waste Management Programme - Plant and Equipment	All Wards	Yes	
Counterfunding - Leiden Twinning - Solid Waste Drop-Off Points	All Wards	No	
Specialised Solid Waste Vehicles	All Wards	Yes	
Construction of Transfer Stations - 3 x Sites	Will provide ward no, as soon as land is availed/identified	No	
Drop off Points	All Wards	No	
Transfer Stations	All Wards	No	
Construction and Rehabilitation of Waste Cells	25	No	
Solid Waste Mechanical Plant and Vehicles	All Wards	No	
17800 X240 Litre Wheelie Bins	All Wards	No	
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BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX P
SERVICE CONNECTION BACKLOGS
AT SCHOOLS AND CLINICS

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				TP

Note: There is no backlogs in terms of supplies to Clinics and Schools

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX Q
SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER
SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

APPENDIX Q: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics	No backlogs	N/A
Licencing and testing	No backlogs	N/A
Reservoirs	No backlogs	N/A
Schools	No backlogs	N/A
Sports fields	No backlogs	N/A
Housing:		
Development of Human Settlements in Buffalo City Metro which is inclusive of in situ upgrading of informal settlements and green fields development	There is a necessity of 121 000 units with 75 000 units within the urban edge and 46 000 in rural areas. There are approximately 50 386 informal settlement structures located in 154 informal settlements within the BCMM Urban Edge (Census 2011). The highest density and number of informal settlements is located in Duncan Village	Access to basic services such as water, sanitation, electricity, economic opportunities and access to health services. Lack of basic needs could also result in high crime statistics.
		TQ

BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX R
DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Not applicable – no loans were made during the period under review.

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BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
APPENDIX S
NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

APPENDIX S: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Housing: No of top structures provided is 936 No of serviced sites provided is 1154 – 2015/16	Top Structures-936 Service Sites- 1154
	Water: No of new households (RDP) provided with water connection –22232 -2015/16.	99.4% (22232)
	Sanitation-% of households with access to basic level of sanitation service	99% 223 309
	Electricity: Number of informal dwellings provided with the basic service of electricity	1061
Output: Implementation of the Community Work Programme	BCMM has various programmes/initiatives responsive to and in line with mainstreaming Millennium Development Goals. Including Youth skilling and capacitation programme, Children's Forum, Metro Aid Council. The Mayor's office also hosts annual Christmas and hospital outreaches to children and the aged.	The Metro AIDS Council commemorates World AIDS Day in December, each year and the Women's Caucus commemorates Women's month in August each year BCMM hosts Annual Older persons Christmas parties and Children's Hospital visits
Output: Deepen democracy through a refined Ward Committee model	Bi-monthly ward committee meetings held; Quarterly public meetings held	Bi-monthly ward committee meetings held; Quarterly public meetings held
Output: Administrative and financial capability	BCMM is undergoing an organisational restructuring exercise to restructure its function and structure correctly as a metropolitan municipality.	BCMM is undergoing an organisational restructuring exercise to restructure its function and structure correctly as a metropolitan municipality.
	The Metro has a current ratio of 3; cost coverage ratio of 6.1 and a liquidity ratio of 3. The Metro's credit rating is A1-/A.	The Metro has a current ratio of 3; cost coverage ratio of 6.1 and a liquidity ratio of 3. The Metro's credit rating is A1-/A.
<p><i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i></p> <p style="text-align: right;">T S</p>		

BUFFALO CITY METROPOLITAN MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2015 / 2016

**[In terms of section 46 of the Local Government: Municipal
Systems Act, 2000.]**

**BUFFALO CITY METROPOLITAN MUNICIPALITY
ANNUAL REPORT
VOLUME II:
ANNUAL FINANCIAL STATEMENTS**

AUDITOR - GENERAL
SOUTH AFRICA
08 DEC 2016



BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

I am responsible for the preparation of these Annual Financial Statements which are set out herewith, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Metropolitan Municipality.

I certify that the salaries, allowances and benefits of Councillors are disclosed within these Annual Financial Statements and are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (20 of 1998) and the Minister for Corporate Governance and Traditional Affairs determination in accordance with this Act except where identified as irregular expenditure in the Annual Financial Statements.



Mr. N. Ncunyana
Acting City Manager

08/12/2016

Date

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Local Government
Grading of local authority	Grade 6 Municipality
Acting City Manager	Mr. N. Ncunyana
Chief Financial Officer	Mr. V. Pillay
Jurisdiction	The demarcation board has determined that Buffalo City Metropolitan Entity (BUF) includes the towns of East London, Bhisho, King Williams Town, Berlin as well as the townships of Mdantsane, Gomo, Zwelitsha, Dimbaza, Phakamisa, Ndevana, Ilitha, Ginsberg and the surrounding rural areas.
Business address	Trust Centre Oxford Street East London 5201
Postal address	PO Box 134 East London 5200
Bankers	Absa Bank / Standard Bank
Auditors	Auditor General of South Africa
Members of Audit Committee	Mr. V Pangwa (Chairperson) - appointment 01 November 2011 Mr. S Mkebe (Member) - appointment 01 November 2011 Ms. E Ameyaw - Gyarko (Member) - appointment 01 November 2011 Ms. W Dukuza (Member) - appointment 03 March 2014 Mr. H Marsberg (Member) - appointment 03 March 2014 Prof. TM Jordan (Member) - appointment 03 March 2014
Legislation Governing the Municipality	The Constitution of the Republic of South Africa, 1996 The Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004) Municipal Fiscal Powers and Functions Act, 2007 (Act 12 of 2007) Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998) Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Index

The statements and notes set out below comprise the audited consolidated annual financial statements:

Index	Page
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	5
Cash Flow Statement	6
Statement of Comparison of Budget and Actual Amounts	7 - 10
Accounting Policies	11 - 40
Notes to the Audited Consolidated Annual Financial Statements	41 - 106

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Inventories	11	36,030,237	44,878,411
Current portion of long-term receivables	8	-	17,552
Current portion of operating leases	9	2,929,996	2,573,198
Receivables from non-exchange transactions	12	695,008,017	372,023,403
VAT receivable	13	96,847,762	83,018,326
Receivables from exchange transactions	14	364,776,628	320,652,236
Cash and cash equivalents	15	2,375,581,711	2,200,541,208
		3,571,174,351	3,023,704,334
Non-Current Assets			
Investment property	3	342,030,031	328,302,102
Property, plant and equipment	4	12,836,329,496	12,431,621,810
Intangible assets	5	85,956,443	95,114,804
Heritage assets	6	49,632,925	49,632,925
Investments in associate	7	112,291,660	81,908,295
Long-term receivables	8	-	9,440
Non-current portion of operating leases	9	69,017,614	66,444,415
		13,495,258,169	13,053,033,791
Total Assets		17,066,432,520	16,076,738,125
Liabilities			
Current Liabilities			
Borrowings	19	50,709,031	46,097,194
Current tax payable	46	247,681	247,682
Finance lease obligation	17	-	2,738,106
Operating lease liability	9	92,989	-
Payables from exchange transactions	24	932,430,012	603,918,123
VAT payable	25	527,125	169,563
Consumer deposits	26	53,708,070	48,504,722
Post - retirement medical obligation	10	16,966,927	15,665,595
Unspent conditional grants and receipts	18	211,266,395	191,539,228
Provisions	20	174,862,785	166,234,394
		1,440,811,015	1,075,114,607
Non-Current Liabilities			
Borrowings	19	445,767,675	496,476,706
Finance lease obligation	17	-	767,176
Post - retirement medical obligation	10	488,148,977	487,757,326
Provisions	20	10,222,692	10,433,259
Other financial liability	23	-	100,000
		944,139,344	995,534,467
Total Liabilities		2,384,950,359	2,070,649,074
Net Assets		14,681,482,161	14,006,089,051
Reserves:			
Revaluation reserve	16	4,613,940,840	4,622,680,892
Accumulated surplus		10,067,541,332	9,383,408,153
Total Net Assets		14,681,482,172	14,006,089,045

* See Note 50

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	28	2,749,647,841	2,424,752,656
Rental of facilities and equipment		16,583,409	17,430,173
Licences and permits		12,611,825	14,034,279
Other revenue	29	262,324,403	228,470,463
Interest received	30	187,436,207	159,221,294
Total revenue from exchange transactions		3,228,603,685	2,843,908,865
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	31	865,234,826	794,518,847
Transfer revenue			
Government grants & subsidies	33	1,634,064,239	1,564,005,750
Public contributions and donations - PPE		-	3,410,514
Fines		5,593,754	5,499,648
Fuel levy		370,461,000	361,639,000
Total revenue from non-exchange transactions		2,875,353,819	2,729,073,759
Total revenue	27	6,103,957,504	5,572,982,624
Expenditure			
Employee related costs	34	(1,352,200,619)	(1,233,305,396)
Remuneration of councillors	35	(54,375,306)	(48,359,637)
Repairs and maintenance	36	(350,105,699)	(287,392,606)
Depreciation and amortisation	37	(789,811,231)	(684,830,961)
Impairments		-	(504,750)
Finance costs	38	(54,877,713)	(60,674,266)
Debt Impairment	39	(210,111,414)	(365,110,172)
Bulk purchases	40	(1,427,317,753)	(1,213,641,773)
Grants and subsidies paid	32	(237,321,148)	(234,150,609)
General Expenses	42	(988,314,308)	(993,612,130)
Total expenditure		(5,464,435,191)	(5,121,582,300)
Operating surplus		639,522,313	451,400,324
Gain (loss) on disposal of assets and liabilities	4	499,569	(32,772,122)
Revaluation realised	16	-	(66,573,130)
Fair value adjustments	43	13,727,929	(4,909,235)
Share of surplus of associate accounted for under the equity method	7	30,383,365	22,359,440
		44,610,863	(81,895,047)
Surplus for the year	61	684,133,176	369,505,277

* See Note 50

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	4,185,854,583	9,006,243,647	13,192,098,230
Adjustments:			
Prior year adjustments (Prior to 2014/15) Refer note 50	-	2,910,795	2,910,795
Balance at 01 July 2014 as restated*	4,185,854,583	9,009,154,442	13,195,009,025
Changes in net assets:			
Write out movable assets	-	(2,196,770)	(2,196,770)
Aquarium animals adjustment	-	40,181	40,181
Zoo animals adjustment	-	328,985	328,985
Take on movable assets	-	6,206,798	6,206,798
Revaluation reversal	(729,373)	369,240	(360,133)
Land revaluation	60,129,906	-	60,129,906
Revaluation reserve realised on derecognition	(9,321,617)	-	(9,321,617)
Revaluation - Wastewater network	386,747,393	-	386,747,393
Sub-Total	436,826,309	4,748,434	441,574,743
Surplus for the year (2014/15 Restated) Refer note 50	-	369,505,277	369,505,277
Total recognised income and expenses for the year	436,826,309	374,253,711	811,080,020
Total changes	436,826,309	374,253,711	811,080,020
Restated* Balance at 01 July 2015	4,622,680,892	9,383,408,166	14,006,089,048
Changes in net assets:			
Surplus for the year	-	684,133,176	684,133,176
Revaluation reserve realised	(3,007,379)	-	(3,007,379)
Disposal of asset	(5,732,673)	-	(5,732,673)
Total changes	(8,740,052)	684,133,176	675,393,124
Balance at 30 June 2016	4,613,940,840	10,067,541,332	14,681,482,172
Note(s)	16	50	

* See Note 50

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services	60	3,687,977,636	3,315,514,687
Government grants & subsidies	60	1,634,064,239	1,564,005,750
Interest received	30	187,436,207	159,221,294
		<u>5,509,478,082</u>	<u>5,038,741,731</u>
Payments			
Employee costs & Councillors remuneration	34&35	(1,406,575,925)	(1,281,665,033)
Suppliers	60	(2,652,952,406)	(2,683,301,788)
Finance costs	38	(54,877,713)	(60,674,266)
		<u>(4,114,406,044)</u>	<u>(4,025,641,087)</u>
Net cash flows from operating activities	45	<u>1,395,072,038</u>	<u>1,013,100,644</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1,186,372,958)	(930,432,806)
Proceeds from sale of property, plant and equipment	4	10,823,062	6,982,897
Purchase of other intangible assets	5	(9,485)	-
Proceeds from sale of other intangible assets	5	-	110,943
Net movement in long term receivables	8	26,992	15,920
Net cash flows from investing activities		<u>(1,175,532,389)</u>	<u>(923,323,046)</u>
Cash flows from financing activities			
Net movement on borrowings	19	(46,097,194)	(54,633,002)
Movement in other financial liability	23	(100,000)	-
Net movement on finance leases	17	(3,505,282)	(2,703,208)
Net movement on consumer deposits	26	5,203,348	3,666,911
Net cash flows from financing activities		<u>(44,499,128)</u>	<u>(53,669,299)</u>
Net increase in cash and cash equivalents		175,040,521	36,108,299
Cash and cash equivalents at the beginning of the year		2,200,541,208	2,164,432,912
Cash and cash equivalents at the end of the year	15	<u>2,375,581,729</u>	<u>2,200,541,211</u>

* See Note 50

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2016											
Financial Performance											
Property rates	903,413,151	19,892,671	923,305,822	-	-	923,305,822	865,234,926	-	(58,070,996)	94 %	96 %
Service charges	2,686,741,021	113,500,000	2,800,241,021	-	-	2,800,241,021	2,749,647,841	-	(50,593,180)	98 %	102 %
Investment revenue	133,684,907	20,000,000	153,684,907	-	-	153,684,907	187,436,207	-	33,751,300	122 %	140 %
Transfers recognised - operational grants	1,249,333,299	(171,070,088)	1,078,263,211	-	-	1,078,263,211	963,670,275	-	(114,592,936)	89 %	77 %
Other own revenue	746,500,113	(12,999,999)	733,500,114	-	-	733,500,114	681,801,889	-	(51,698,225)	93 %	91 %
Total revenue (excluding capital transfers and contributions)	5,719,672,491	(30,677,416)	5,688,995,075	-	-	5,688,995,075	5,447,791,038	-	(241,204,037)	96 %	95 %
Employee costs	(1,390,165,567)	(51,453,016)	(1,441,618,583)	-	-	(1,441,618,583)	(1,352,200,619)	-	89,417,964	94 %	97 %
Remuneration of councillors	(53,810,192)	(900,000)	(54,710,192)	-	-	(54,710,192)	(54,375,306)	-	334,886	99 %	101 %
Debt impairment	(245,009,326)	34,730,000	(210,279,326)	-	-	(210,279,326)	(210,111,414)	-	167,912	100 %	86 %
Depreciation and asset impairment	(712,213,176)	(126,316,546)	(838,529,722)	-	-	(838,529,722)	(789,811,231)	-	48,718,491	94 %	111 %
Finance charges	(54,318,000)	(1,000,000)	(55,318,000)	-	-	(55,318,000)	(54,877,713)	-	440,287	99 %	101 %
Materials and bulk purchases	(1,377,011,714)	(51,100,000)	(1,428,111,714)	-	-	(1,428,111,714)	(1,427,317,753)	-	793,961	100 %	104 %
Transfers and grants	(258,568,483)	10,000,000	(248,568,483)	-	-	(248,568,483)	(237,321,148)	-	11,247,335	95 %	92 %
Other expenditure	(1,635,238,668)	216,716,977	(1,418,521,691)	-	-	(1,418,521,691)	(1,338,420,007)	-	80,101,684	94 %	82 %
Total expenditure	(5,726,335,126)	30,677,415	(5,695,657,711)	-	-	(5,695,657,711)	(5,464,436,191)	-	231,222,520	96 %	95 %
Surplus/(Deficit)	(6,662,635)	-	(6,662,635)	-	-	(6,662,635)	(16,644,153)	-	(9,981,517)	250 %	250 %

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	850,352,600	(70,340,692)	780,011,908	-	-	780,011,908	670,393,964		(109,617,944)	86 %	79 %
Surplus (Deficit) after capital transfers and contributions	843,689,965	(70,340,692)	773,349,273	-	-	773,349,272	653,749,811		(119,599,461)	85 %	77 %
Share of (surplus) deficit of associate	-	-	-	-	-	-	(30,383,365)		(30,383,365)	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	843,689,965	(70,340,692)	773,349,273	-	-	773,349,272	684,133,176		(89,216,096)	88 %	81 %
Capital expenditure and funds sources											
Total capital expenditure	1,275,354,230	115,522,930	1,390,877,160	-	-	1,390,877,160	1,186,372,958		(204,504,202)	85 %	93 %
Sources of capital funds											
Transfers recognised - capital	850,352,600	(70,340,692)	780,011,908	-	-	780,011,908	670,393,964		(109,617,944)	86 %	79 %
Public contributions and donations	-	458,860	458,860	-	-	458,860	-		(458,860)	- %	DIV/0 %
Internally generated funds	425,001,630	175,804,487	600,806,117	-	-	600,806,117	515,978,994		(84,827,123)	86 %	121 %
Total sources of capital funds	1,275,354,230	105,922,655	1,381,276,885	-	-	1,381,276,885	1,186,372,958		(194,903,927)	86 %	93 %

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	1,350,928,670	267,690,940	1,618,619,610	-	-	1,618,619,610	1,395,072,038		(223,547,572)	86 %	103 %
Net cash from (used) investing	(1,275,354,230)	(105,922,655)	(1,381,276,885)	-	-	(1,381,276,885)	(1,175,532,389)		205,744,496	85 %	92 %
Net cash from (used) financing	(46,097,194)	-	(46,097,194)	-	-	(46,097,194)	(44,499,128)		1,598,066	97 %	97 %
Net increase/(decrease) in cash and cash equivalents	29,477,246	161,768,285	191,245,531	-	-	191,245,531	175,040,521		(16,205,010)	92 %	594 %
Cash and cash equivalents at the beginning of the year	2,353,956,269	(155,158,921)	2,198,797,348	-	-	2,198,797,348	2,200,541,208		1,743,860	100 %	93 %
Cash and cash equivalents at year end	2,383,433,515	6,609,364	2,390,042,879	-	-	2,390,042,879	2,375,581,729		14,461,150	99 %	100 %

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
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Reasons for material variances shown on the Statement of Comparison of Budget and Actual Amounts are detailed below:

REVENUE

Transfers recognised – operational

The transfers recognised relate to grants and subsidies received as well as revenue recognised on grant funded operating projects. Revenue from grant funded projects is recognised as the expenditure is incurred, the low expenditure on grant funded projects has resulted in revenue realised being less than anticipated. The major contributing factor to the under expenditure is pending litigations with service providers and also delays with funding agreements from the Eastern Cape: Department of Human Settlements.

CAPITAL EXPENDITURE AND FUNDS SOURCES

Transfers recognised – capital

The total actual expenditure reported in the AFS is 86% exclusive of VAT as reflected in the AFS. The total actual expenditure including VAT is 97% of the adjusted capital budget. The accounting treatment for expenditure incurred on conditional grants is in line with National Treasury guidelines that is provided in MFMA Circular No 58.

Public contributions & donations

Procurement challenges for fencing of Garcia Flats. A request has been made for the roll-over of budget in 2016/17 financial year due change of project scope.

Internally generated funds

The major contributing factors on low expenditure are procurement and project management challenges that resulted in the slow progress in implementing own funded capital projects, however most of the projects are already awarded and the funding of such projects is fully committed.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Audited Consolidated Annual Financial Statements

The audited consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These audited consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited consolidated annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the audited consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited consolidated annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance has been made for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the notes to the financial statements per inventory note 11.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors i.e. production estimates, supply demand, together with economic factors such as exchange rates, inflation, interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of waste and water network and other assets

The entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

Impairment loss is recognised in surplus and deficit when there is objective evidence that debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both - or under construction) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services, or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property excludes owner-occupied property.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.2 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

- Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:
- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
 - (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
 - (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
 - (d) commencement of an operating lease (on a commercial basis) to another party, for a transfer from inventories to investment property.

The initial cost of a property interest held under a lease and classified as an investment property has been recognised at the lower of the fair value of the property and the present value of the minimum lease payments.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Property, plant and equipment (continued)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for land, buildings, other properties, community properties, roads, electricity, water and sanitation which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value except for furniture and fittings, which are depreciated using the diminishing balance method at 10% per annum.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land landfill sites	Straight line	50
Buildings	Straight line	30
Plant and machinery	Straight line	3 to 30
Motor vehicles	Straight line	4 to 15
Furniture and fittings	Diminishing balance	3 to 5
Electricity	Straight line	10 to 60
Community - Buildings	Straight line	30
Community - Recreation	Straight line	20 to 30
Other properties	Straight line	5 to 50

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Property, plant and equipment (continued)

Finance Leased Assets	Straight line	5
Roads	Straight line	5 to 100
Wastewater network	Straight line	5 to 80
Water network	Straight line	5 to 150
Heritage Assets	Straight line	Indefinite

The Municipality acquires and maintains assets to provide social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than that of certain Plant and Equipment, and Transport assets with significant carrying values. For Plant and Equipment and Transport assets (Above R5000) the residual value and the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised prospectively as a change in accounting estimates in the Statement of Financial Performance. Minor assets (Below R5000) are recognised and depreciated annually to R1 and are included in the asset register mainly for completeness and monitoring purposes.

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of the entity are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised and will be classified as revenue. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the entity.

1.4 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation which a entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability after the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from a entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses except for servitudes which are carried at revalued amounts being the fair value at the date of revaluation.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Assets are resources controlled by a entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

A class of heritage assets means a grouping of heritage assets of a similar nature or function in a entity's operations that is shown as a single item for the purpose of disclosure in the audited consolidated annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Recognition

The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

If a entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The entity assess at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Heritage assets (continued)

Derecognition

The entity derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.7 Investments in associate

An associate is a entity over which the entity is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investment.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/ (deficits) less any dividends received.

Where the entity or its entities transact with an associate, unrealised gains and losses are eliminated to the extent of the municipality's or its municipal entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the entity is no longer able to exercise significant influence over the associate, the equity method of accounting is discontinued.

The entity uses the most recent available financial statements of the associate in applying the equity method. When the reporting dates are different, the entity makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the entity.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by a entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from a entity's statement of financial position.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position and in note 21:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Non-current investments	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position and in note 22:

Class	Category
Borrowings	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Accrued leave pay	Financial liability measured at amortised cost
Payments received in advance	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value
Other deposits	Financial liability measured at fair value

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.8 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.9 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.10 Leases

A lease is either a written or implied contract by which an owner (the lessor) of a specific asset grants a second party (the lessee) the right to its exclusive possession and use for a specific period and under specific conditions, in return for specific periodic rental or lease payments.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or the incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate reduction on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation and/or amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation/amortisation.

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation and/or amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

At each reporting date a review is carried out to determine whether there are any indications that any assets and non-cash-generating units may be impaired. If such indications exist, the recoverable amounts of the affected assets are determined.

Where the recoverable amount of an asset or non-cash-generating unit is lower than its carrying amount, an impairment loss is recognised in surplus or deficit in respect of assets at historic cost, and recognised in the revaluation reserve in respect of assets at revalued amounts.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Value in use

The value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of the non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation / amortisation charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation/amortisation charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- a entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits.

A constructive obligation is an obligation that derives from a entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which a entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a entity pays fixed contributions into a separate municipal fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise of expense adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by a entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the audited consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. Within surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.14 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.15 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.15 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingencies are disclosed in note 48.

1.16 Commitments

Items are classified as commitments when the entity has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of each financial period the entity determines commitments in respect of capital expenditure that has been approved and contracted for which is then disclosed as a note in the annual financial statements differentiating between community, infrastructure and other capital expenditure commitments. (Refer to note 47)

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognised in the period when the consumption took place. Provisional estimates of consumption are made monthly when meter readings have not been performed. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period.

To include all revenue in the financial period, calculations and accruals are made to account for consumption that took place during the last meter reading dates and the financial year end.

Services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises, when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Fines are economic benefits or service potential received or receivable by municipalities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

Taxes such as property rates are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes (Property rates)

The entity recognises an asset in respect of taxes at the gross amount when the taxable event occurs and the asset recognition criteria are met.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The entity recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the entity, and the costs can be measured reliably. The entity applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the entity. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.11, 1.12 and 1.13. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.24 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Use of estimates

The preparation of unaudited separate annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited separate annual financial statements are disclosed in the relevant sections of the unaudited separate annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.26 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.27 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.28 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.29 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.29 Budget information (continued)

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

Comparative information is not required.

Differences between budget and actual amounts are regarded as material differences when a 10% difference exists. All material differences are explained in the Statement of Comparison of Budget and Actual Amounts to the annual financial statements.

1.30 Related parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the entity / municipal entity. (Refer to note 49)

1.31 Value added tax (VAT)

The entity accounts for value added tax on the payment basis. Revenue, expenses and assets are recognised net of the amount of VAT. The net amount of VAT recoverable from or payable to, the taxation authority is disclosed on the face of the statement of financial position. (Refer to note 13)

1.32 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

2. New standards and Interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2017	The impact of the amendment is not material.
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	The impact of the amendment is not material.
• GRAP 108: Statutory Receivables	01 April 2016	The impact of the amendment is not material.
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the amendment is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2017	The impact of the amendment is not material.
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the amendment is not material.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016			2015		
3. Investment property						
	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	342,030,031	-	342,030,031	328,302,102	-	328,302,102

Reconciliation of investment property - 2016

	Opening balance	Fair value adjustments	Total
Investment property	328,302,102	13,727,929	342,030,031

Reconciliation of investment property - 2015

	Opening balance	Fair value adjustments	Total
Investment property	333,211,337	(4,909,235)	328,302,102

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

No Investment Properties were pledged as security.

The total direct operating expenses for repairs and maintenance on all municipal properties amounts to R350 156 438 including repairs and maintenance expenses on investment properties.

Operational expenditure regarding investment property earning rentals and those that are not earning rentals are not available as these expenses pertaining to investment properties are not budgeted for separately on the budget.

Per accounting policies note 1.2 the entity is on the fair value model for investment property.

There are no restrictions on investment properties.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The values were determined by an external Professional Valuer registered with the South African Council for the Property Valuers Profession, Registration No. 4973/1.

The value of investment property, comprising of land and buildings was determined by using a combination of three valuation approaches. Each of these approaches assessed the relevance of each specific property based on their nature, use and comparable market transactions.

The preferred valuation methodology applied was that of comparable market related sales, based on use, location and extent. In cases where no reasonable comparable sales were available, the discounted cash flow methodology was used based on market related rentals for similar properties.

In the case of properties which were deemed to be classified as investment properties, for which no comparable market related sales nor rentals exist, such as golf courses, land was valued by multiplying the extent, as confirmed through the deeds office and cadastre, with comparable market related sales based on similar zoning, and not use. In the case of buildings associated with such properties, for which no comparable sales, past or present, could be established, the replacement cost of the buildings were deemed to reflect a fair value of the property.

Rental income from investment properties in respect of monthly and annual leases amounted to R10 696 877 (2015: R10,144,643).

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016 2015

4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	386,313,045	-	386,313,045	386,313,045	-	386,313,045
Plant and equipment	112,039,624	(73,274,363)	38,765,261	91,839,909	(64,098,704)	27,741,205
Furniture and fittings	41,771,294	(23,486,128)	18,285,166	41,383,540	(16,092,398)	25,291,142
Motor vehicles	355,373,613	(141,940,026)	213,433,587	327,563,913	(138,712,691)	188,851,222
Office equipment	46,965,035	(30,076,422)	16,888,613	46,215,449	(21,465,860)	24,749,589
IT equipment	45,616	(1,890)	43,726	-	-	-
Electricity	4,611,086,440	(2,808,045,043)	1,803,041,397	4,491,750,901	(2,709,371,599)	1,782,379,302
Other properties	1,187,054,841	(586,003,586)	601,051,255	1,149,562,517	(556,062,688)	593,499,829
Work in progress (WIP)	1,703,369,029	-	1,703,369,029	1,157,486,634	-	1,157,486,634
Recreational facilities	480,037,792	(313,281,140)	166,756,652	479,957,910	(296,183,554)	183,774,356
Finance Leased Assets	8,302,521	(5,428,567)	2,873,954	9,052,311	(4,529,712)	4,522,599
Roads	8,244,469,565	(4,543,021,190)	3,701,448,375	7,930,657,984	(4,275,222,887)	3,655,435,097
Wastewater network	5,297,281,614	(3,460,274,003)	1,837,007,611	5,244,074,680	(3,353,333,848)	1,890,740,832
Water network	5,383,365,274	(3,503,867,126)	1,879,498,148	5,375,890,627	(3,362,612,311)	2,013,278,316
Community buildings	1,144,919,297	(677,365,620)	467,553,677	1,144,866,657	(647,308,015)	497,558,642
Total	29,002,394,600	(16,166,065,104)	12,836,329,496	27,876,616,077	(15,444,994,267)	12,431,621,810

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Adjustments	WIP capitalised	Depreciation	Total
Land	386,313,046	-	-	-	-	-	386,313,046
Plant and equipment	27,741,205	20,436,102	(53,970)	-	-	(9,358,076)	38,765,261
Furniture and fittings	25,291,142	1,797,836	(644,005)	-	-	(8,159,807)	18,285,166
Motor vehicles	188,851,222	38,290,409	(863,111)	-	-	(13,044,933)	213,433,587
Office equipment	24,749,589	3,135,993	(456,246)	-	-	(10,540,723)	16,888,613
IT equipment	-	45,616	-	-	-	(1,890)	43,726
Electricity	1,782,379,302	137,711,686	(6,502,028)	-	260,901	(110,808,464)	1,803,041,397
Other properties	593,499,829	29,074,502	-	8,417,824	-	(29,940,899)	601,051,255
Work in progress (WIP)	1,157,486,634	822,378,104	-	(276,052)	(276,220,657)	-	1,703,369,029
Recreational facilities	183,774,356	495,614	(208,302)	-	114,900	(17,419,916)	166,756,652
Finance leased Assets	4,522,604	-	(293,546)	-	-	(1,355,105)	2,873,954
Roads	3,655,435,097	107,170,844	(1,463,417)	-	231,009,940	(290,704,089)	3,701,448,375
Wastewater network	1,890,740,832	8,974,617	-	-	44,232,317	(106,940,155)	1,837,007,611
Water network	2,013,278,316	7,474,646	-	-	-	(141,254,814)	1,879,498,148
Community buildings	497,556,642	9,386,989	(38,869)	-	602,599	(39,955,684)	467,553,677
	12,431,621,816	1,186,372,958	(10,323,493)	8,142,772	-	(779,484,556)	12,836,329,497

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Non-cash additions	Transfers	Revaluations	Adjustments	WIP capitalised	Depreciation	Impairment loss	Total
Land	402,144,885	-	(87,000)	-	-	(15,764,840)	-	-	-	-	386,313
Plant and equipment	29,854,895	2,578,216	-	-	(10,859)	-	4,248,398	-	(8,601,895)	(327,650)	27,741
Furniture and fittings	20,405,931	1,639,203	(5,195)	6,580,774	(802,074)	-	-	-	(2,396,267)	(131,230)	25,281
Motor vehicles	163,481,434	48,370,427	(12,100,457)	-	(761,147)	-	-	-	(10,139,035)	-	188,851
Office equipment	18,981,640	3,650,361	(2,550)	6,017,450	(81,866)	-	335,392	-	(4,138,978)	(11,820)	24,749
Electricity	1,668,848,166	131,606,894	(16,723,480)	-	-	-	-	107,099,594	(106,461,872)	-	1,782,379
Other properties	624,188,730	-	-	-	1,029,161	-	-	-	(81,718,062)	-	593,499
Work in progress (WIP)	760,862,621	617,709,368	-	-	(368,287)	-	-	(220,717,068)	(17,284,252)	-	1,157,486
Recreational facilities	198,931,739	1,757,702	-	-	-	-	369,167	-	(1,328,830)	-	183,774
Finance Leased Assets	7,678,494	-	(2,320,925)	493,860	-	-	-	-	(1,328,830)	-	4,522
Roads	3,860,298,915	31,121,848	(4,344,206)	3,410,512	-	-	-	44,264,929	(279,314,901)	-	3,655,435
Wastewater network	1,894,818,766	15,625,228	-	-	-	-	-	19,600,193	(39,303,355)	-	1,890,740
Water network	2,069,266,886	66,398,761	(949,562)	-	-	-	-	18,861,445	(140,251,214)	-	2,013,278
Community buildings	500,183,519	10,014,798	(3,241,604)	-	-	-	-	30,890,907	(40,288,978)	-	497,558
	12,217,936,621	930,432,806	(39,755,019)	16,502,596	(994,872)	(15,764,840)	4,952,957	-	(681,217,739)	(470,700)	12,431,621

Proceeds on disposal of PPE

Carrying value of PPE
Net gain/(loss) on disposal of assets

	2016	2015
	10,323,493	39,755,019
	499,569	(32,772,122)
	10,823,062	6,982,897

There are currently 10 960 assets that have carrying values between R0.00 and R1.00, which are still in use.

As at 30 June 2016 the total cost of all fully depreciated assets amount to R 85 440 732 (2015: R 135 745 358).

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

As at 30 June 2016 there are assets retired from active use and held for disposal.

For future capital commitments refer to note 47.

Properties for which title deeds are registered under the name of the municipality have not been included in the Municipality's financial records. These properties are represented by RDP land, ex Ciskei and other land parcels, vacant and improved. The municipality is of the view that these properties will have a net realisable value of NIL as they will either be transferred to RDP housing beneficiaries or have long serving residents for which there has been a delay in the transfer of title. It should furthermore be noted that management is of the view that the inclusion of this value in the Annual Financial Statements could result in a misrepresentation of financial information for users of the Annual Financial Statements.

Prior period errors - Proceeds on disposal of PPE

Balance previously reported	50	-	(30,408,389)
Adjusted - Note 50		-	(2,363,733)
Restated		-	(32,772,122)

Prior period errors - Plant, Furniture and Office Equipment

Balance previously reported	50	-	69,468,510
Adjusted - Note 50		-	(914,290)
Adjusted opening balances and additions 2015 from WIP		-	9,265,716
Restated		-	77,819,936

Prior period errors - WIP

Balance previously reported	50	-	1,214,458,013
Adjusted - Note 50		-	685,821
WIP capitalised 2014		-	(28,940,442)
WIP capitalised 2015		-	(28,716,758)
Restated		-	1,157,486,634

Prior period errors - Roads

Balance previously reported	50	-	3,635,983,636
Adjusted - Note 50		-	(2,125,867)
WIP capitalised 2014		-	17,872,305
WIP capitalised 2015		-	3,705,023

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)		
Restated		- 3,655,435,097
Prior period errors - Wastewater network	50	
Balance previously reported		- 1,440,480,770
Adjusted - Note 50		- 63,377,560
Adjusted - Note 16 Revaluation reserve		- 386,747,392
WIP capitalised 2015		- 135,110
Restated		- 1,890,740,832
Prior period errors - Water network	50	
Balance previously reported		- 2,004,825,921
Adjusted - Note 50		- (868,466)
WIP capitalised 2015		- 9,320,859
Restated		- 2,013,278,314
Prior period errors - Electricity network	50	
Balance previously reported		- 1,782,204,574
Adjusted - Note 50		- (68,863)
WIP capitalised 2015		- 243,592
Restated		- 1,782,379,303
Prior period errors - Other properties	50	
Balance previously reported		- 593,363,646
Adjusted - Note 50		- (17,230)
WIP capitalised 2014		- 153,416
Restated		- 593,499,832
Prior period errors - Community buildings	50	
Balance previously reported		- 482,720,937
Adjusted - Note 50		- (2,161,481)
WIP capitalised 2014		- 2,062,822
WIP capitalised 2015		- 14,936,359

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)
Restated

- 497,568,637

5. Intangible assets

	2016		2015			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	41,430,180	(26,847,965)	14,582,215	25,399,190	(17,680,120)	7,719,070
Intangible assets under development	-	-	-	16,021,506	-	16,021,506
Servitudes	71,374,228	-	71,374,228	71,374,228	-	71,374,228
Total	112,804,408	(26,847,965)	85,956,443	112,794,924	(17,680,120)	95,114,804

Reconciliation of intangible assets - 2016

	Opening balance	Additions	WIP transfers	Amortisation	Total
Computer software	7,719,070	9,485	16,021,505	(9,167,844)	14,582,216
Intangible assets under development	16,021,505	-	(16,021,505)	-	-
Servitudes	71,374,228	-	-	-	71,374,228
	95,114,803	9,485	-	(9,167,844)	85,956,444

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016 2015

5. Intangible assets (continued)

Reconciliation of intangible assets - 2015

	Opening balance	Disposals	Transfers	Amortisation	Total
Computer software, other	8,490,528	(110,943)	1,901,063	(2,561,578)	7,719,070
Intangible assets under development	17,922,569	-	(1,901,063)	-	16,021,506
Servitudes	71,374,228	-	-	-	71,374,228
	97,787,325	(110,943)	-	(2,561,578)	95,114,804
Prior period adjustment			50		
Balance previously reported				-	98,373,779
Adjusted for amortisation re-stated - Note 50				-	(3,258,979)
Restated				-	95,114,800

6. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Heritage sites	49,632,925	-	49,632,925	49,632,925	-	49,632,925

Reconciliation of heritage assets 2016

	Opening balance	Total
Heritage sites	49,632,925	49,632,925

Reconciliation of heritage assets 2015

	Opening balance	Total
Heritage sites	49,632,925	49,632,925

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. (This is an accounting disclosure)

Where practical, heritage assets were valued on the replacement value method and retrospectively restated on 01 July 2012 in accordance with the transitional provision applicable to GRAP 103. However, due to the nature of certain heritage assets, it is not possible or practical to establish a fair value associated with these assets and have been recognised in accordance with GRAP 103.94.

7. Investments in associate

Name of entity	Listed / Unlisted	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
BCMM share in IDZ - 26,000 shares @ 0,01c included in the carrying amount		26.00 %	26.00 %	112,291,660	81,908,295
East London Industrial Development Zone (Pty) Ltd (IDZ)		26.00 %	26.00 %	-	-
				112,291,660	81,908,295

The carrying amount of the associate is shown net of impairment losses.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

7. Investments in associate (continued)**Movements in carrying value**

Opening balance	81,908,295	59,548,855
Share of surplus/deficit	30,383,365	22,359,440
	112,291,660	81,908,295

Investment in associate amounted to R 112,291,660 (2015: R 81,908,295).

Fair value

Management could not make a reliable estimate of the fair value of the associate as the information to determine the fair value is not readily available. Management however believes that the face value approximates the fair value of the shares.

Principal activities, country of Incorporation and voting power

Legal name	Principal activity	Country of incorporation	Proportion of voting power
East London Industrial Development Zone (Pty)Ltd	Development of East London's Industrial Development Zone.	SA	26%

Summary of controlled entity's interest in associate

Total assets	540,209,663	525,846,084
Total liabilities	427,918,003	463,633,942
Revenue	28,759,383	25,056,668
Surplus	30,383,365	22,359,440
Total equity	112,291,660	81,908,295

Associates with different reporting dates

The financial statements of East London Industrial Development Zone (Proprietary) Limited are prepared for the accounting period 01 April 2015 to 31 March 2016 and the quarter ending 30 June 2016.

Per Accounting Policy 1.7, the entity uses the most recent available financial statement of the associate in applying the equity method.

8. Current portion of long-term receivables**Financial assets at amortised cost**

Sporting bodies and other loans	-	26,992
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Non-current assets

Financial assets at amortised cost	-	9,440
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BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

8. Current portion of long-term receivables (continued)

Current assets

Financial assets at amortised cost

-

17,552

Sporting bodies: Loans were granted to sporting bodies before the implementation of the MFMA. No new loans have been issued and the remaining loans are redeemable until 2016. The above amounts relate to two loans that were issued to Beacon Bay Country Club on 30 June 1995 and 30 June 1996 payable over 21.5 and 20.5 years respectively. The last payment was due on 31 December 2016 but the final payment was made in March 2016.

No security is held for any of the long-term receivables.

The credit quality of long-term receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

No long-term receivables defaulted and no terms of any of the long-term receivables were re-negotiated.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

No portion of the long-term receivables was pledged as security for any financial liabilities.

9. Operating leases

Non-current assets

69,017,614

66,444,415

Current assets

2,929,996

2,573,198

Current liabilities

(92,989)

-

71,854,621

69,017,613

Municipality as lessor: Operating leases minimum future receivables

No later than one year

2,449,762

1,977,887

Later than one year no later than 5 years

10,068,605

9,391,518

Later than 5 years

451,262,058

168,945,431

463,780,425

180,314,836

These leases are in respect of municipal properties that are leased to third parties. These leases are payable by lessees, either monthly or annually. Leases payable monthly and annually by lessees escalate at annual fixed rates that vary between 0% and 12.5% annually.

No contingent rent was recognised as revenue because rental increases are escalated at a fixed percentage. Increases are not based on indices or bases that result in a fluctuating interest rate.

The operating lease accrual arises from the differences between the actual rental and average rental at balance sheet date. During the 2015/16 financial year the net amount of R2 929 997 (2015: R1 258 913) has been accrued.

There are no sublease arrangements.

BCMDA - The operating lease accrual of R 92 989 is as a result of rental of premises and that of a multipurpose printing/copier machine. The operating lease on premises is for a twelve month period and the photocopier is for a duration of 36 months with no escalation.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
10. Post - retirement medical obligation		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Balance at beginning of the year	503,422,921	414,074,719
Interest cost	44,656,361	36,636,940
Current service cost	23,246,493	19,861,974
Actual employer benefit payments	(16,966,927)	(15,665,595)
Actuarial loss/(gain) recognised in the year	(49,242,944)	48,514,883
	505,115,904	503,422,921
Non-current liabilities	(488,148,977)	(487,757,326)
Current liabilities	(16,966,927)	(15,665,595)
Net liability	(505,115,904)	(503,422,921)
Net costs		
Interest cost	23,246,493	36,636,940
Current service cost	44,656,361	19,861,974
Actuarial (gain)/loss recognised in the year	(49,242,944)	48,514,883
Net cost per Statement of Financial Performance	18,659,910	105,013,797

The best estimates for the employer benefit payments in the 2016/17 financial period is expected to be R17 441 604 (The actual employer benefit payments in the 2015/16 financial period was R16 966 927).

The entity employees contribute to 5 accredited medical aid schemes, namely LA Health, Bonitas, Key Health, SAMWU Med and Hosmed. Pensioners continue on the option they belonged to on the day of their retirement.

The obligation in respect of the medical care contributions for retirement benefits is valued every year by independent qualified actuaries. The last actuarial valuation was prepared in July 2016 by ARCH Actuarial Consulting using the Projected Unit Credit Method.

The entity opted not to recognise the actuarial loss applying the "Corridor" method.

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. The liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
10. Post - retirement medical obligation (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rate	9.43 %	9.01 %
Health care cost inflation rate	8.48 %	8.12 %
Net discount rate	0.88 %	0.82 %
Maximum Subsidy inflation rate	5.98 %	7.62 %
Net discount rate for capped subsidies	3.25 %	1.29 %
Average retirement age	63	63
Pre-retirement mortality	SA 85-90	SA 85-90
Post-retirement mortality	PA(90) - 1	SA(90) - 1
Proportion married at retirement	90%	90%
Continuation of membership at retirement	100%	100%
In-service members		
Number of in-service members	2889	2688
Average age	43,9	43,7
Average past service	11,4	11,5
Average present value of subsidy at retirement	R 1616	R 1783
Continuation members		
Number of principle members	548	521
Proportion with spouse dependants	40%	41%
Average age of members	70,6	70,7
Average employer contribution p.m.	R 2652	R 2551

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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10. Post - retirement medical obligation (continued)

Sensitivity results

The liability at the Valuation Date was recalculated to show the effect of:

- A 1% increase and decrease in the assumed rate of health care cost inflation;
- A 1% increase and decrease in the discount rate;
- A one-year age reduction in the assumed rates of post-retirement mortality;
- A one-year decrease in the assumed average retirement age; and
- A 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

Assumption	Change	In-service	Continuation	Total	% change
Central assumptions		292,094	213,022	505,116	
Health care inflation	+1%	323,903	225,156	549,058	9%
	-1%	254,660	199,236	453,896	-10%
Discount rate	+1%	242,808	195,010	437,818	-13%
	-1%	355,433	234,187	589,620	17%
Post-retirement mortality	-1 yr	301,781	221,022	523,027	4%
Average retirement age	-1 yr	322,115	213,022	535,137	6%
Continuation of membership at retirement	-10%	262,884	213,022	475,907	-6%

Note : The post-retirement mortality adjustment assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this scenario because members are expected to live longer.

The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 9% higher than that shown.

The table below summarises the result of this analysis on the Current-service and Interest costs for the year ending 30 June 2016.

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumptions		23,246,500	44,656,400	67,902,900	
Health care inflation	+1%	28,530,500	51,753,600	8,284,100	18%
	-1%	18,768,400	38,460,900	57,229,300	-16%
Discount rate	+1%	18,943,500	42,696,300	61,639,800	-9%
	-1%	28,886,400	46,694,500	75,580,900	11%
Post-retirement mortality	-1 yr	24,112,100	46,435,400	70,547,500	4%
Average retirement age	-1 yr	25,250,400	47,253,900	72,504,300	7%
Continuation of membership at retirement	-10%	20,921,800	42,032,300	62,954,100	-7%

These figures were derived at the last valuation and were also presented in that report.

The table below summarises the result of this analysis on the Current-service and Interest costs for the year ending 30 June 2017.

Assumption	Change	Current service cost	Interest cost	Total	% change
Central assumptions		23,369,100	46,816,200	70,185,300	
Health care inflation	+1%	26,131,200	50,958,900	77,090,100	10%
	-1%	20,021,200	41,987,400	62,008,600	-12%
Discount rate	+1%	19,176,800	44,766,700	63,943,500	-9%
	-1%	28,821,200	48,970,200	77,791,400	11%
Post-retirement mortality	-1 yr	24,142,900	48,504,800	72,647,700	4%
Average retirement age	-1 yr	25,289,900	49,646,400	74,936,300	7%
Continuation of membership at retirement	-10%	21,032,200	44,062,500	65,094,700	-7%

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

10. Post - retirement medical obligation (continued)

History of Liabilities, Assets and Experience Adjustments

The table below summarises the accrued liabilities and the plan assets for the current period and previous periods.

Liability History	30/06/2012	30/06/2013	30/06/2014	30/06/2015	30/06/2016
Present value of accrued liability (R'000)	318261	368461	414075	503423	505116
Fair value of plan asset	0,000	0,000	0,000	0,000	0,000
Surplus / (Deficit)	(318,261)	(368,461)	(414,075.000)	(503,423)	(505,116)

The table below summarises the experience adjustments for the current period and the previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

Experience adjustments	Year ending 30/06/2012	Year ending 30/06/2013	Year ending 30/06/2014	Year ending 30/06/2015	Year ending 30/06/2016
Liabilities: (Gain) / Loss	(16,259)	18,314	7,896	37,093	(11,690)

11. Inventories

Electricity store (Electrical maintenance parts)	7,997,872	8,845,195
Workshop store (Mechanical maintenance parts)	155,400	492,725
General stores (Chiselhurst, Mdantsane, KWT)	13,539,978	18,583,553
Water store (Water maintenance parts)	14,925,761	17,341,712
Fuel (Diesel, Petrol)	904,175	1,541,077
Unsold water (Treated water in pipelines & reservoirs)	4,102,584	3,670,484
	41,625,770	50,474,746
Inventories (write-downs)	(5,595,533)	(5,596,335)
	36,030,237	44,878,411

Carrying value of stock is disclosed at the lower of cost and net realisable value.

The inventories (write-downs) amount is in respect of obsolete stock and not due to a change in accounting policy.

Inventory write-downs is included under note 42 : General Expenses - Other expenses.

Inventory pledged as security

No inventory was pledged as security.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
12. Receivables from non-exchange transactions		
Traffic fines	13,084,667	13,930,754
Other receivables (billing)	237,565,082	132,230,512
Other debtors	11,867,912	10,910,667
Accrued income	343,802,261	186,693,707
Property rates	422,709,232	328,375,040
Allowance for impairment property rates and other receivables billing	(334,021,137)	(300,117,277)
	695,008,017	372,023,403
Property rates age analysis		
Current (0-30 days)	60,602,832	62,520,144
31-60 days	20,709,231	18,109,157
61-90 days	14,262,118	12,221,058
91-120 days	13,245,330	11,654,734
121-365 days	102,518,303	86,861,530
> 365 days	211,371,420	137,008,417
	422,709,234	328,375,040
Other receivables (billing) age analysis		
Current (0-30 days)	18,159,786	10,166,941
31-60 days	5,698,151	2,898,536
61-90 days	4,077,178	2,193,074
91-120 days	4,008,600	2,007,582
121-365 days	32,992,111	20,398,852
> 365 days	172,629,255	94,565,527
	237,565,081	132,230,512
Prior period errors-accrued income	50	
Balance previously reported		- 188,795,171
Adjusted-Note 50		- (2,101,464)
Restated		- 186,893,707
Traffic fines		
Opening Balance - Total Outstanding Fines (Based on current and prior 2 years)	42,214,406	37,616,476
Less: Outstanding Fines in respect of prior third year	(12,914,537)	(8,425,674)
Total Traffic Fines Issued BCMM	23,371,688	22,571,090
Traffic Fines withdrawn, untraceable and uncollectable	(2,233,205)	(4,951,988)
Traffic Fines Paid	(6,260,884)	(4,595,498)
Total Outstanding Fines	44,177,468	42,214,406
Impairment (Based on a probability collection factor of approx. 30 % - 2016 and 33% - 2015)	(31,092,801)	(28,283,652)
Traffic Fines Debtor	13,084,667	13,930,754

Trade and other receivables from non-exchange transactions pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any accounts receivables.

These accounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

12. Receivables from non-exchange transactions (continued)

Credit quality of trade and other receivables from non-exchange transactions

The credit quality of trade and other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings.

Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Trade and other receivables from non-exchange transactions impaired

As of 30 June 2016, trade and other receivables from non-exchange transactions of R (334,021,137) (2015: R 300,117,277) were impaired and provided for.

Amounts totaling R 5,451,786 (2015: R 27,475,531) were written off as uncollectable againsts the debt impairment allowance account. This represents 0.0009% (2015: 0.005%) of the total operating income for the year.

Reconciliation of allowance for impairment of trade and other receivables from non-exchange transactions

Opening balance	(300,117,277)	(229,676,688)
Contributed during the year	(39,355,646)	(97,916,120)
Amounts written off as uncollectable	5,451,786	27,475,531
	(334,021,137)	(300,117,277)

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note 39). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or credit enhancements.

13. VAT receivable

VAT	96,847,762	83,018,326
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VAT is payable on the receipt basis. VAT is only declared to SARS on receipt of payment from customers.

14. Receivables from exchange transactions

Gross balances		
Electricity	226,346,308	199,865,559
Water	479,803,245	378,183,394
Sewerage	181,313,338	148,724,039
Refuse	240,556,873	190,376,047
Housing rental	48,158	3,131,277
	1,128,067,922	920,280,316
Less: Allowance for impairment		
Electricity	(134,028,183)	(130,226,627)
Water	(332,473,256)	(246,413,379)
Sewerage	(129,536,090)	(96,904,289)
Refuse	(167,205,607)	(124,043,535)
Housing rental	(48,158)	(2,040,250)
	(763,291,294)	(599,628,080)

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
14. Receivables from exchange transactions (continued)		
Net balance		
Electricity	92,318,125	69,638,932
Water	147,329,989	131,770,015
Sewerage	51,777,248	51,819,750
Refuse	73,351,266	66,332,512
Housing rental	-	1,091,027
	364,776,628	320,652,236
Electricity		
Current (0 -30 days)	165,638,029	149,659,289
31 - 60 days	8,807,312	7,560,772
61 - 90 days	4,200,231	3,229,795
91 - 120 days	3,377,867	2,084,981
121 - 365 days	13,420,484	12,005,122
> 365 days	30,902,385	25,325,600
	226,346,308	199,865,559
Water		
Current (0 -30 days)	92,539,366	67,474,816
31 - 60 days	26,003,025	28,685,375
61 - 90 days	14,373,318	20,030,545
91 - 120 days	17,715,041	14,118,926
121 - 365 days	104,572,989	76,964,095
> 365 days	224,599,507	170,909,637
	479,803,246	378,183,394
Sewerage		
Current (0 -30 days)	24,098,893	19,365,305
31 - 60 days	7,330,052	6,181,539
61 - 90 days	4,626,285	3,834,382
91 - 120 days	4,228,421	3,279,806
121 - 365 days	31,894,354	24,372,324
> 365 days	109,135,334	91,690,683
	181,313,339	148,724,039
Refuse		
Current (0 -30 days)	21,553,765	14,208,377
31 - 60 days	7,873,356	6,436,764
61 - 90 days	5,812,927	4,610,541
91 - 120 days	5,485,077	4,144,391
121 - 365 days	40,731,880	30,840,815
> 365 days	159,099,868	130,135,159
	240,556,873	190,376,047
Housing rental		
Current (0 -30 days)	-	72,403
31 - 60 days	-	64,539
61 - 90 days	-	62,241
91 - 120 days	-	62,653
121 - 365 days	-	486,061
> 365 days	48,158	2,383,380
	48,158	3,131,277

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016 2015

14. Receivables from exchange transactions (continued)

Summary of debtors by customer classification: (This refers to the total debtor classification including exchange and non-exchange transactions as per billing system i.e. this includes rates and other billing receivables)

Domestic Debtors (including rates and other receivables (billing))

Current (0 -30 days)	161,381,229	131,934,120
31 - 60 days	52,829,536	51,542,274
61 - 90 days	35,444,704	34,120,764
91 - 120 days	37,591,535	26,593,328
121 - 365 days	250,388,673	189,270,075
> 365 days	772,210,785	586,982,093
	1,309,846,462	1,020,442,654
	(866,735,321)	(781,401,973)
	443,111,141	239,040,681

Less: Allowance for impairment

Industrial/ commercial

Current (0 -30 days)	189,082,926	175,311,915
31 - 60 days	18,411,756	16,827,326
61 - 90 days	11,620,925	11,649,165
91 - 120 days	10,089,983	9,214,042
121 - 365 days	72,911,579	61,296,100
> 365 days	132,173,925	63,055,099
	434,291,094	337,353,647
	(230,577,111)	(118,343,383)
	203,713,983	219,010,264

Less: Allowance for impairment

National and provincial government

Current (0 -30 days)	32,128,515	16,221,240
31 - 60 days	5,179,836	1,567,083
61 - 90 days	286,426	411,706
91 - 120 days	378,817	1,545,703
121 - 365 days	2,829,870	1,362,624
> 365 days	3,401,217	1,981,212
	44,204,681	23,089,568

Total Debtors (including rates and other receivables (billing))

Current (0 -30 days)	382,592,670	323,467,274
31 - 60 days	76,421,127	69,936,683
61 - 90 days	47,352,056	46,181,634
91 - 120 days	48,060,335	37,353,073
121 - 365 days	326,130,122	251,928,799
> 365 days	907,785,927	652,018,404
	1,788,342,237	1,380,885,867
	(1,097,312,430)	(899,745,356)
	691,029,807	481,140,511

Less: Allowance for impairment

Ageing of allowance for impairment (including rates & receivables billing)

Current (0 -30 days)	(548,656)	(449,873)
31 - 60 days	(72,575,224)	(59,508,322)
61 - 90 days	(47,923,955)	(39,295,423)
91 - 120 days	(38,762,314)	(31,783,302)
121 - 365 days	(261,433,461)	(214,363,326)
> 365 days	(676,068,820)	(554,345,110)
	(1,097,312,430)	(899,745,356)

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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14. Receivables from exchange transactions (continued)**Consumer Debtors not past due nor impaired therefore no impairment allowance raised:**

Current (0 -30 days)	691,029,807	481,140,511
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Consumer Debtors for which an impairment allowance was raised:

Provision	1,097,312,430	899,745,356
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Consumer debtors pledged as security

No portion of accounts receivable was pledged as security for any financial liabilities.

No security is held for any of the accounts receivable.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Consumer debtors impaired

As of 30 June 2016, consumer debtors of R (763,291,294) (2015: R (599,628,080)) were impaired and provided for.

Amounts totaling R 7,092,554 as of 30 June 2016 (2015: R 124,039,136) were written off as uncollectable against the debt impairment allowance account. This represents R 0.0012% (2015: R 0.0223%) of the total operating income for the year.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	(599,628,080)	(456,449,613)
Contributions during the year	(170,755,768)	(267,194,053)
Amounts written off as uncollectable	7,092,554	124,039,136
Other income	-	(23,550)
	(763,291,294)	(599,628,080)

The creation and release of allowance for impaired receivables have been included in operating expenses in the statement of financial performance (note 39). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Refer to note 12 regarding impairment of non-exchange transactions.

In terms of the arrangements to repay rates and services debt as at 30 June 2016, 5419 (2015: 2521) debtors had active outstanding arrangements to the value of R49 238 983 (2015: R9 655 381). The repayment periods range from 1 month to a maximum of 24 months in terms of the Credit Control Policy.

15. Cash and cash equivalents

Cash and cash equivalents consist of:

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

15. Cash and cash equivalents (continued)

Cash on hand	74,657	70,657
Bank balances	223,016,738	63,282,030
Short-term deposits	2,152,490,316	2,137,188,521
	2,375,581,711	2,200,541,208

Allocation of external investments (short-term deposits)

BCMETS	517,356	585,857
Own funding (operating account commitments)	2,150,646,746	2,135,338,626
Total short-term deposits	2,151,164,102	2,135,924,483

Short-term deposits per institution

ABSA (interest range 5.25% - 6.35% : 2015 5.25%)	522,580,804	438,665,788
Nedbank (interest range 5.25% - 6.50% : 2015 5.25%)	541,602,013	562,277,133
RMB (interest range 5.25% - 6.25% : 2015 5.25%)	544,776,577	569,115,393
Standard Bank (interest range 5.25% - 6.50% : 2015 5.25%)	382,711,280	366,942,601
Stanlib (interest range 6.49% - 7.25% : 2015 5.25% - 6.35%)	159,493,428	198,923,568
	2,151,164,102	2,135,924,483

Own funding includes the insurance and Compensation for Occupational Injuries and Diseases (COID) purposes.

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

A cession by the Municipality in respect of the Department of Labour for COID amounts to R9 065 915 (2015: R8 712 397).

African Bank (ABIL) suffered a collapse which exposed the investment portfolio held with STANLIB to a loss amounting to R34 049 which was written-off against Impairment loss on Investments during the 14/15 financial year. This amount is reflected on the face of the Statement of Financial Performance.

The entity had the following bank accounts:

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK - Primary Account - 408-009-0281	330,845,799	263,731,647	200,829,915	218,683,291	57,302,876	192,856,753
ABSA BANK - Prism Account - 408-009-0574	-	-	-	2,766,391	4,734,549	4,290,026
ABSA BANK - Market Account - 408-009-0639	2,045,983	2,978,166	108,809	1,211,793	764,783	371,570
ABSA BANK - Unpaid Account - 408-009-0697	8,243	-	33,668	-	-	-
First National Bank Ltd - Cheque Account - 620-9871-7899	355,302	479,822	480,473	355,302	479,822	480,473
First National Bank Ltd - Project Cheque Account - 625-1293-9267	(39)	-	-	(39)	-	-
Total	333,255,288	267,189,635	201,452,865	223,016,738	63,282,030	197,998,822

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
16. Revaluation reserve		
Opening balance	4,622,680,892	4,236,662,872
Change during the year	(8,740,052)	386,018,020
	4,613,940,840	4,622,680,892
Prior period errors	50	
Balance previously reported	-	4,236,662,872
Adjusted-Note 50	-	(729,373)
Revaluation of wastewater network - SoCNA	-	386,747,393
Restated		- 4,622,680,892
17. Finance lease obligation		
Minimum lease payments due		
- within one year	-	3,193,893
- in second to fifth year inclusive	-	809,307
	-	4,003,200
less: future finance charges	-	(497,918)
Present value of minimum lease payments	-	3,505,282
Present value of minimum lease payments due		
- within one year	-	2,738,106
- in second to fifth year inclusive	-	767,176
	-	3,505,282
Non-current liabilities	-	767,176
Current liabilities	-	2,738,106
	-	3,505,282

The average lease term was 3-5 years and the average effective borrowing rate was 15.16% (2015: 15.34%).

Interest rates are either fixed or variable at the contract date.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

The entity did not default on any of the interest or capital repayments of the finance leases.

No terms and conditions of the finance leases were re-negotiated.

After the initial period the leases shall automatically be renewed on a monthly basis unless cancelled by either party.

All risks and rewards of ownership remain with the lessor upon expiry of the lease and there is no option to purchase the leased asset.

There are no restrictions imposed on the lease arrangements.

There are no sublease arrangements.

The contingent rent for the current year amounted to nil. (2015: nil).

The finance lease term came to an end in the 2015/2016 financial year.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Government grants	28,839,338	412,614
Provincial grants	17,078,331	37,429,373
Other conditional grants	6,218,044	4,065,192
Agency - Land Affairs	159,130,682	149,632,049
	211,266,395	191,539,228

National Government	Unspent balance 2015	Current years receipt	Transfer to revenue operating expenditure	Transfer revenue capital expenditure	Transfers / Prior period error	Unspent balance 2016
Neighbourhood Development Partnership Grant (NDPG)	2,392	-	-	-	(2,392)	-
Fiencial Management Grant (FMG)	22,998	1,300,000	(1,194,000)	(102,443)	(26,313)	242
Integrated National Electrification Programme (INEP)	2,221	30,000,000	-	(10,517,229)	(1,472,412)	18,012,580
Electricity Demand: Side Management Grant (EDSM)	-	4,000,000	-	(3,997,896)	-	2,104
Urban Settlement Development Grant (USDG)	1,285	713,132,000	(98,782,659)	(576,870,134)	(37,364,204)	116,288
Expanded Public Works Programme (EPWP)	275,041	1,149,000	(1,034,388)	-	(275,041)	114,612
Intigrated City Development Grant (ICDG)	-	5,605,000	-	(4,907,883)	(168,486)	528,631
Municipal Human Settlement Capacity Grant (MHSCG)	-	9,253,000	(3,197,719)	(83,195)	(27,118)	5,944,968
Infrastructure Skills Development Grant (ISDG)	108,677	8,500,000	(4,186,054)	(88,216)	(214,491)	4,119,916
Subtotal	412,614	772,939,000	(108,394,820)	(596,566,996)	(39,550,457)	28,839,341
	412,614	772,939,000	(108,394,820)	(596,566,996)	(39,550,457)	28,839,341

Provincial Government	Unspent balance 2015	Current years receipts	Transfer to revenue operating expenditure	Transfer to revenue capital expenditure	Transfers / Prior period errors	Unspent balance 2016
Trasitional Grant	113,769	-	-	-	-	113,769
King William's Town: Gants Government	2,053	-	-	-	-	2,053
Energy Efficient Technology	5,588,975	-	-	-	(5,588,975)	-
European Commission	923,978	55,417	-	-	-	979,395
Gompo Survey (DVRI Hydroponics)	101,339	-	(2,807)	-	-	98,532
Upgrade Water Supply	36,209	2,191	-	-	(38,400)	-
Mdantsane Upgrade - Water & Sewerage	169,235	10,238	-	-	(179,473)	-
Human Settlement Development Grant (HSDG)	-	90,824,642	(186,937,025)	(70,224,038)	166,336,421	-
Compost Waste Management	60,640	-	-	-	-	60,640
Map Preparation & Planning	123,918	-	-	-	(123,918)	-
Gompo & Mdantsane Art Centres (DVRI Arts Centre)	30,533	-	(29,672)	-	-	861
Environmental Project John Dube	138,528	-	-	-	-	138,528

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
18. Unspent conditional grants and receipts (continued)		
Pilot Housing Project	268,793	268,793
Reeston Development - Land Affairs	766,208	45,955 (726,501)
Premiers Fund	67,421	(67,421)
Mdantsane Urban Renewal Project (Mount Ruth Node)	9,072,876	544,238
Ikhwezi Block 1 Development	175,288	-
Mdantsane Upgrade - MD/PD : Area Planning	210,562	(210,562)
Mdantsane Upgrade - PD: Survey	10,660	(10,660)
Mdantsane Upgrade - MD Assessment Study	189,165	-
Planning and Map Preparation	132,981	(132,981)
Upgrade Kwaklifu Settlement - Phakamisa	677	(677)
Needscamp Planning	937,253	937,253
Potsdam Village - Planning Survey & Upgrade	9,416	(9,416)
Iliitha Informal Settlement Upgrade	57,627	(57,627)
Kwa Tshatshu Settlement Upgrade	65,049	(65,049)
Mdantsane Human Settlement Program	78,444	(78,444)
Planning Kanana Settlement	24,350	(24,350)
Kwa Tshatshu Survey	20,008	(20,008)
Mahlangu Village : Planning and Survey	19,308	(19,308)
Phakamisa Clifton Phase 2 : Bongweni : Planning and Survey	115,477	(115,477)
Health Management System	176,266	(176,266)
Aids Training and Informal Centre (ATIC)	7,888,782	(7,888,782)
Yellowwood-Kei Road Survey	679,310	(679,310)
Yellowwood-Kei Road Town Planning	587,942	(587,942)
Department of Sports, Recreation, Arts and Culture (DSRAC)	8,014,208	(3,602,930)
Local Government & Traditional Affairs Funding	261,565	(261,565)
Informal Settlement Upgrading Study	310,563	(310,563)
37,429,376	91,482,681	(187,696,005) (73,826,968) 149,689,247 17,078,331
Other conditional grants	Unspent balance 2015	Current years receipts
Amatole District Municipality Funding (ADM)	1,673,270	-
Water Supply to Areas West of IDZ-Cove Rock	327,858	-
Buffalo City Metro Transport (BCMETS) Funding	487,499	-
Public Funding	5,846,610	-
		Transfers / Prior period balance 2016 error
		-
		(327,858)
		-
		(5,846,610)

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

18. Unspent conditional grants and receipts (continued)

Local Government Sector	274,716	-	-	-	(274,716)	-
Education & Training Authority Fund (SETA)						
Housing & Infrastructure Development Award	399,282	-	-	-	(399,282)	-
VUNA Award	1,040,066	-	-	-	-	1,040,066
Aquarium	3,917	-	-	-	(3,917)	-
Friends of East London Zoo (Felzoo)	248,025	-	-	-	-	248,025
Athletic Track	46,122	2,790	-	-	(48,912)	-
Friends of East London Aquarium (F.E.L.A)	10,148	-	-	-	(10,148)	-
SALAIDA (Gavle)	1,460,172	373,256	-	-	-	1,833,428
Community Development	2,127,846	-	-	-	(2,127,846)	-
Art Gallery	9,695	-	-	-	(9,695)	-
Municipal Revenue Enhancement Programme	1,336,512	-	-	-	(1,336,512)	-
Climate Protection Implementation	38,469	-	-	-	(38,469)	-
ADM: Township Ext 1 : Kidds Beach	70,373	-	-	-	(70,373)	-
ADM: Water Dist. Grant-Eureka	25,776	-	-	-	(25,776)	-
ADM: Special Grant-Macleantown	9,467	-	-	-	(9,467)	-
ADM: Special Grant-Ext 3: Kaysers	45,445	-	-	-	(45,445)	-
ADM: Community Hall: TRC-KWT	825	-	-	-	(825)	-
ADM: Income Generating Project: TRC-KWT	46,919	-	-	-	(46,919)	-
ADM: Community Hall: TRC-EL	20,838	-	-	-	(20,838)	-
ADM: Income Generating Project: TRC-EL	52,193	-	-	-	(52,193)	-
ADM: Tribal Trust: Kwelerha	17,888	-	-	-	(17,888)	-
ADM: Tribal Trust: Nxaruni	138,901	-	-	-	(138,901)	-
A.T. Taylor	92,305	-	-	-	(92,305)	-
C.H.T. Peplar	49,032	-	-	-	(49,032)	-
Ward Committee Train-(Stiching ordaid)	591,659	-	-	-	(591,659)	-
Leiden	121,621	9,891	-	-	-	131,512
Eastern Cape Development Agency (ECDC)	67,359	-	-	-	(67,359)	-
Umsobomvu Youth Fund	307,437	15,657	(115,703)	-	-	207,391
Parking Area Development Fund (PADF Contributions: Ex Public)	1,158,306	-	-	-	(1,158,306)	-
HIV AIDS Toolkit	1,747	-	-	-	(1,747)	-
Glasgow Partnership	89,858	-	-	-	-	89,858
City of Oldenburg	-	506,995	-	-	-	506,995
Centre for Municipal Research & Advice	2,416	-	-	-	(2,416)	-
	18,240,572	908,589	(115,703)	-	(12,815,414)	6,218,044
Land Affairs	Unspent Balance 2015	Current years receipts	Transfer to revenue operating expenditure	Transfer revenue capital expenditure	Transfers / Prior period error	Unspent balance 2016
Land Affairs	79,778,598	5,234,793	-	-	-	85,013,391
Land Affairs - East Bank	69,853,451	4,263,839	-	-	-	74,117,290
	149,632,049	9,498,632	-	-	-	159,130,681

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
18. Unspent conditional grants and receipts (continued)		
Analysis of Transfers		
Correction of error	- (14,175,381)	
Accrued	- 157,066,816	
Transferred to National Revenue Fund	- (409,108)	
Transfer back to Grantor	- (6,017,600)	
USDG Roll-over	- 42,403,407	
Reclaim VAT	- (81,544,758)	
Total transfers	- 97,323,376	
Prior period errors	50	
Balance previously reported	- 205,714,609	
Adjusted-Note 50	- (14,175,381)	
Restated	- 191,539,228	

19. Borrowings

Held at amortised cost		
Annuity loans	496,476,706	542,573,900
Non-current liabilities		
At amortised cost	445,767,675	496,476,706
Current liabilities		
At amortised cost	50,709,031	46,097,194

The entity did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the borrowings were re-negotiated.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

20. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Adjustment	Total
Landfill Sites	176,667,653	8,417,824	185,085,477

Reconciliation of provisions - 2015

	Opening Balance	Adjustment	Total
Landfill Sites	184,141,541	(7,473,888)	176,667,653
Non-current liabilities		10,222,692	10,433,259
Current liabilities		174,862,785	166,234,394
		185,085,477	176,667,653

With regards to the Provision for Landfill sites it is stated in the Department of Water Affairs and Forestry "Minimum Requirements for Waste Disposal by Landfill", Second Edition 1998, Chapter 2.3.4, that "All landfills except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be considered closed. Closure will involve, inter alia, the application of final cover, topsoil, vegetating, drainage maintenance and leachate management." Rehabilitation costs in respect of geohydrological monitoring is anticipated to be a recurring cost for the next 30 years. The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current rehabilitation cost to an estimated future cost which was then discounted to present value.

Assumptions used:

- Interest rate used is BCM's borrowing rate at 10.17% (2015: 10.16%).

- The valuation for the landfill site provision in 2016 was done by Munitech (Pty) Ltd, a company which specialises in infrastructure maintenance and operations and municipal services, which includes solid waste collection and disposal. The company registration number is 1988/761/07 and the SAACE membership number is 439.

The expense relating to the provision is included under note 42: General Expenses - Other expenses.

The 2016 adjustment of R8 417 824 relates to an increase in the rehabilitation of landfill sites provision.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
21. Financial assets by category		
2016	Financial assets at amortised cost	Total
Trade and other receivables from exchange transactions	14 364,776,628	364,776,628
Other receivables from non-exchange transactions	12 695,008,017	695,008,017
Cash and cash equivalents	15 2,375,581,711	2,375,581,711
VAT receivable	13 96,847,762	96,847,762
	3,532,214,118	3,532,214,118
2015	Financial assets at amortised cost	Total
Long-term receivables: Other financial assets	8 26,992	26,992
Trade and other receivables from exchange transactions	14 320,652,236	320,652,236
Other receivables from non-exchange transactions	12 372,023,403	372,023,403
Cash and cash equivalents	15 2,200,541,208	2,200,541,208
VAT receivable	13 83,018,326	83,018,326
	2,976,262,165	2,976,262,165
Prior period errors - other receivables	50	
Balance previously reported		- 374,124,867
Adjusted - Note 50		- (2,101,464)
Restated		- 372,023,403

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

22. Financial liabilities by category

2016

		Financial liabilities at amortised cost	Measured at fair value	Total
Accrued leave pay	24	69,198,736	-	69,198,736
Payments received in advance	24	97,411,237	-	97,411,237
Borrowings: Other financial liabilities	19	496,476,706	-	496,476,706
Trade and other payables	24	759,861,394	-	759,861,394
Consumer deposits	26	-	53,708,070	53,708,070
Other deposits	24	-	5,958,645	5,958,645
Unspent conditional grants	18	211,266,395	-	211,266,395
		1,634,214,468	59,666,715	1,693,881,183

2015

		Financial liabilities at amortised cost	Measured at fair value	Total
Accrued leave pay	24	61,322,806	-	61,322,806
Payments received in advance	24	101,785,623	-	101,785,623
Borrowings: Other financial liabilities	19	542,573,900	-	542,573,900
Trade and other payables	24	435,192,104	-	435,192,104
Consumer deposits	26	-	48,504,722	48,504,722
Other deposits	24	-	5,617,590	5,617,590
Unspent conditional grants	18	191,539,228	-	191,539,228
Other financial liabilities	23	100,000	-	100,000
		1,332,513,661	54,122,312	1,386,635,973

Prior period errors - Trade and other payables

Balance previously reported	50	-	366,481,470
Adjusted - Note 50		-	68,702,067
BCMDA-Accrued expenses re-allocated		-	(27,416)
BCMDA-Payroll Payables adjusted - Note 50		-	12,250
BCMDA-Trade payables adjusted - Note 50		-	23,735
Restated		-	435,192,106

Prior period errors - Unspent conditional grants

Balance previously reported	50	-	205,714,609
Adjusted - Note 50		-	(14,175,381)
Restated		-	191,539,228

23. Other financial liability

Other non-current financial liabilities

Seaview Developers	-	50,000
Marina Glen	-	50,000
	-	100,000

These amounts represent refundable deposits that were paid in February 2008 for development of the Seaview Crescent and Marina Glen A. These deposits do not accumulate interest. The development have not yet taken place.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY
Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
24. Payables from exchange transactions		
Trade payables	556,620,060	216,153,164
Payments received in advanced	97,411,237	101,785,623
Retention monies	86,270,808	60,216,942
Market creditors	42,879	42,879
Accrued leave pay	69,198,736	61,322,806
Deposits received	5,958,645	5,617,590
Accrued expenses - BCMMDA	-	27,416
Other creditors	116,645,833	158,738,470
Other payables - BCMMDA	-	983
Accrued leave pay - BCMMDA	79,082	-
Staff related payables - BCMMDA	202,732	12,250
	932,430,012	603,918,123
Prior period errors - Other creditors	50	
Balance previously reported	-	90,036,403
Adjusted - Note 50	-	68,702,067
Restated		- 158,738,470
Prior period error - Staff related payables - BCMMDA	50	
Adjusted - BCMMDA - Note 50	-	12,250
Prior period error - Trade payables	50	
Balance previously reported	-	216,129,430
Adjusted - Suppliers - BCMMDA - Note 50	-	23,734
Restated		- 216,153,164
25. VAT payable		
Tax refunds payables	527,125	169,563
Prior period errors - VAT payable		
Balance previously reported	-	172,477
Adjusted - BCMMDA - Note 50	-	(2,915)
Restated		- 169,562
26. Consumer deposits		
Electricity	32,925,608	27,773,961
Water	20,782,462	20,730,761
	53,708,070	48,504,722

The amounts reflected represent a cost value as Management believes that the cost value approximates the fair value.

The consumer deposits are reflected at nominal value as they are utilised as part of the settlement of final consumer accounts

Guarantees held in lieu of Electricity and Water deposits amounted to R17 953 375 (2015: R18 677 096)

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
27. Revenue		
Service charges	2,749,647,841	2,424,752,656
Rental of facilities and equipment	16,583,409	17,430,173
Licences and permits	12,611,825	14,034,279
Total other income - refer note 29	262,324,403	228,470,463
Interest received - investment	187,436,207	159,221,294
Property rates	865,234,826	794,518,847
Government grants & subsidies	1,634,064,239	1,564,005,750
Public contributions and donations - PPE	-	3,410,514
Fines	5,593,754	5,499,648
Fuel levy	370,461,000	361,639,000
	6,103,957,504	5,572,982,624

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	2,749,647,841	2,424,752,656
Rental of facilities and equipment	16,583,409	17,430,173
Licences and permits	12,611,825	14,034,279
Total other income - refer note 29	262,324,403	228,470,463
Interest received - investment	187,436,207	159,221,294
	3,228,603,685	2,843,908,865

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	865,234,826	794,518,847
Transfer revenue		
Government grants & subsidies	1,634,064,239	1,564,005,750
Public contributions and donations - PPE	-	3,410,514
Fines	5,593,754	5,499,648
Fuel levy	370,461,000	361,639,000
	2,875,353,819	2,729,073,759

Traffic fines are made up as follows:

Traffic fines movement	(846,087)	764,987
Revenue received	6,260,885	4,595,498
Revenue raised	5,414,798	5,360,485

Total fines outstanding at 30 June 2016 is R 44 177 468 after eliminating untraceable and collected fines. A probability factor of 30% (33% : 2015) collection of total outstanding fines was calculated which amounted to R 13 084 667 (R 13 930 753 : 2015). Refer note 12.

The lifespan of traffic fines is as follows:

- Traffic offences in respect of which the admission of guilt amount is below R500: one year from date of issue of the warrant.
- Traffic offences in respect of which the admission of guilt amount is from R500 up to the maximum amount that may be determined by a peace officer in terms of section 56(1) of Act 51 of 1977: two years from the date of issue of the warrant.

The above arrangement also applies in traffic cases where a notice in terms of section 341 of Act 1977 is followed up by a summons setting admission of guilt up to the above maximum amount.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
28. Service charges		
Sale of electricity	1,694,297,411	1,465,814,133
Sale of water	425,275,744	394,281,598
Sewerage and sanitation charges	298,552,050	278,831,681
Refuse removal	287,400,358	261,806,838
Other service charges	44,122,278	24,018,406
	2,749,647,841	2,424,752,656

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
29. Other revenue		
Admission fees	3,121,970	2,648,886
Town planning and sub-division fees	1,611,805	1,893,822
Cemetery fees	8,162,091	6,880,758
Cold storage fees	642,560	709,412
Commission	20,487,565	18,083,876
Coupons and clip tickets	563,000	647,970
Dog tax and penalties	756,049	703,072
Fire brigade	82,866	565,110
Fire levy charges	68,230,867	58,358,226
Grazing fees	52,086	54,857
Hire charges	35,410	21,328
Insurance	1,994,618	5,140,458
Library	10,997	17,814
Meter test fees	5,166	30,934
Photocopies	86,769	83,131
Plan approval fees	7,292,038	6,173,843
Private works	3,375,534	3,918,697
Sale of plants and animals	7,914	8,126
Scrap	3,365,912	3,113,518
Service connections and reconnections	30,094,190	22,848,208
Street frontage and administration fees	331,454	396,720
Other income - BCDA	100,000	-
Sundry income	85,834,744	64,394,164
Tender receipts	709,556	376,479
Towing fees	42,311	59,182
Vehicle registrations	25,326,931	31,341,872
	262,324,403	228,470,463
Reclassification - Admission fees		
Balance previously reported	-	2,614,434
Merged - Levy on gates	-	34,452
Restated balance	-	2,648,886
Reclassification - Street frontage and administration fees		
Balance previously reported	-	350,501
Merged - Administration fees	-	46,219
Restated balance	-	396,720
Reclassification - Town planning and sub-division fees		
Balance previously reported	-	42,974
Merged - Sub-division fees	-	1,850,849
Restated balance	-	1,893,823
Reclassification - Sundry Income		
Balance previously reported	-	57,387,407
Merged - Parking meters	-	1,841
Adjusted - Note 50	-	7,004,915
Restated balance	-	64,394,163
Prior period errors - Other revenue	50	
Balance previously reported	-	221,465,548
Adjusted - Note 50	-	7,004,915
Restated	-	228,470,463

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
30. Interest Received		
Interest revenue		
Call accounts with financial institutions	139,600,894	111,675,176
Bank	15,173,986	12,547,124
Interest charged on trade and other receivables	32,659,977	34,993,173
Interest on sporting body loans	1,350	5,821
	187,436,207	159,221,294

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
31. Property rates		
Rates received		
Residential	445,225,837	352,831,669
Commercial	348,708,983	359,231,227
Municipal	12,028,828	23,539
Public Benefit Organisation	105,121	56,779
Educational	10,517,275	9,796,001
Agricultural	6,625,913	6,194,688
Public Service Infrastructure	1,503,327	1,606,014
Vacant land	74,258,783	87,976,727
Less: Income forgone	(33,739,241)	(23,197,797)
	865,234,826	794,518,847

Valuations

Residential	47,221,502,150	46,111,809,700
Commercial	17,292,255,490	17,470,636,500
Public Benefit Organisation	55,733,000	27,616,000
Municipal	9,396,000	2,592,000
Rural Communal Land	2,985,019,500	3,120,430,661
Educational	1,644,051,000	1,701,580,800
Agricultural	2,932,267,840	3,012,980,400
Public Service Infrastructure	665,190,100	781,134,980
Vacant Land	3,359,565,400	3,565,564,000
	76,164,980,480	75,794,345,041

The Buffalo City Metropolitan Municipality is required, in terms of the Municipal Property Rates Act, Act 6 of 2004 (MPRA) to undertake a General Valuation on land and buildings every 4 years and a supplementary valuation at least once a year. The second valuation in terms of MPRA was done in 2013 and the implementation date is 1 July 2014. The valuation date is 1 July 2013.

Rates are levied on a monthly basis (the due date for monthly accounts is the 15th of every month). Consumers must apply if they want to pay annually with the final date for payment for annual accounts being 30 September 2016. Interest at a standard rate (as amended from time to time), is levied on rates outstanding after 30 September, except where the owner is paying in installments.

Tariffs levied R/cents

Agricultural	0.002260	0.002056
Business	0.022597	0.020562
Educational	0.006327	0.005757
Public Service Infrastructure	0.002260	0.002056
Residential	0.009039	0.008225
Vacant Land	0.027117	0.024674
Public Benefit Organisations	0.002260	0.002056
Municipal Non-rateable	0.000001	0.000001
Municipal Residential	0.009039	0.008225
Municipal Business	0.022597	0.020562
Municipal Educational	0.006327	0.005757
Rural Communal Land	0.000001	0.000001
Specialized	0.000001	0.000001

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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31. Property rates (continued)

Buffalo City Metropolitan Municipality grants rebates, in terms of the Municipality's rates policy to the following category of owners:

- 1) Newly developed commercial/Industrial properties with a value of R50 000 000 or above.

The rebate will be phased in over a period of 5 years, from the effective date of the valuation of the improvements in the municipality's valuation roll as follows

Year 1 - 50%
Year 2 - 40%
Year 3 - 30%
Year 4 - 20%
Year 5 - 10%, thereafter, full rates will be payable.

- 2) A rebate/discount of up to 75%, where the Municipality does not supply some or all of the following services:

Constructed public roads	15%	15%
Water supply	22%	22%
Refuse removal service	8%	8%
Electricity supply	15%	15%
Sewerage service	15%	15%
	75%	75%

- 3) A rebate to senior citizens if they meet certain requirements.

Senior citizens from 60 years and above qualify for up to 100% depending on their income level allocated as follows:

Gross monthly income	Rebate
Rand	
0 - 3000	100%
3001 - 4500	85%
4501 - 6000	70%
6001 - 7500	55%
7501 - 9000	40%
9001 - 10500	25%

- 4) Public Benefit Organisations (ex Grant in Aid in lieu of rates recipients) are granted rebates on application.

- 5) Section 17 of the MPRA lists other impermissible rates, where a entity may not levy a rate and the following were applied in the 2015/16 financial year:

Section 17(1)(a) - First 30% of the market value of public service infrastructure.
Section 17(1)(h) - R15 000 on market value of residential properties.
Section 17(1)(i) - Properties registered in the name of and used for public worship by religious communities, including an official residence registered in the name of that community which is occupied by an office bearer of that community.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
32. Grants and subsidies paid		
Grants-in-Aid		
Buffalo City Tourism	-	14,999
Buffalo City Metropolitan Development Agency / Buffalo City Development Agency	615,156	230,640
Mayoral Social Responsibility	1,892,322	463,202
Publicity Association Grant	-	5,930,121
Sponsored Sporting Events	16,089,565	19,730,568
Social Welfare Grant (Poor relief)	217,368,077	203,542,139
Subsidies-Churches, sport and other welfare organisations	-	3,022,612
Other Organisations	1,356,028	1,216,328
	237,321,148	234,150,609

During the 2015/16 financial year all applications for rates relief from Public Benefit Organisations are recorded as a rebate.
In the 2014/15 financial year these applications were recorded as Grants in Lieu of rates.

33. Government grants and subsidies

Operating grants

Government grants - operating projects	296,206,528	93,852,534
Other Government grants and subsidies	667,087,623	660,277,244
Government grants - housing projects	376,124	194,383,699
	963,670,275	948,513,477

Capital grants

Government grant (capital: PPE)	670,393,964	615,492,273
	1,634,064,239	1,564,005,750

Prior period errors - other subsidies

Balance previously reported	50	- 660,002,528
Adjusted - Note 50		- 274,716
Restated		- 660,277,244

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
34. Employee related costs		
Basic emoluments	796,426,964	750,661,859
Medical aid contributions	60,380,792	52,912,912
UIF	7,893,395	7,475,875
Leave pay contributions	34,713,638	29,230,388
Pension fund contributions	139,558,575	127,907,120
Overtime payments	132,481,396	107,200,176
Long-service awards	18,113,196	16,269,660
13th Cheques	61,328,649	57,181,842
Car allowance	22,134,428	20,473,104
Housing benefits and allowances	11,859,433	3,507,535
Group life	6,032,600	5,733,497
Other allowances	61,277,553	54,741,228
Job evaluation settlement agreement	-	10,200
	1,352,200,619	1,233,305,396
Reclassification - Remuneration to ward committees		
Balance previously reported total basic emoluments	-	709,687,300
Re-allocated to general expenses	42	(7,737,854)
Restated		- 701,949,446
Prior period errors - Basic emoluments	50	
Balance previously reported	-	701,949,446
Adjusted - Note 50	-	48,712,412
Restated		- 750,661,858
Remuneration of City Manager		
Remuneration	1,145,632	1,095,250
Travel Allowance	180,000	180,000
Allowance	358,572	334,809
UIF	1,785	1,785
Contributions to Medical and Pension Funds	223,398	213,574
	1,909,387	1,825,418
Remuneration of Chief Finance Officer		
Remuneration	954,693	912,709
Travel Allowance	288,000	288,000
Allowance	100,529	85,172
UIF	1,785	1,785
Medical Aid	42,239	38,448
Pension Contributions	186,165	177,978
Group Life	17,745	17,090
	1,591,156	1,521,182
Remuneration of HOD: Executive Support Services		
Remuneration	910,643	220,498
Housing Subsidy	1,090	2,180
Travel Allowance	222,114	69,121
Allowance	230,273	25,434
UIF	1,785	595
Medical Aid	21,092	6,842
Pension Contributions	180,255	39,888

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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34. Employee related costs (continued)

Group Life	11,737	2,938
	1,578,989	367,496

The position was filled on 01 March 2015.

Remuneration of HOD: Human Settlements

The position was vacant for 2015/16.

In 2014/15 the position was Chief Operations Officer and in 2015/16 was changed to HOD: Human Settlements

If the position was filled for the entire financial year the remuneration would have amounted to R1 578 989. Acting allowance to the value of R142 941 was paid in the 2015/16 financial year in respect of the vacant HOD: Human Settlements position.

Remuneration of HOD: Corporate Services

Annual Remuneration	910,643	220,498
Travel Allowance	320,000	-
Allowances	125,924	108,227
UIF	1,785	595
Medical Aid	25,146	5,929
Pension Contributions	195,491	32,248
	1,578,989	367,497

The position was filled on 01 March 2015.

Remuneration HOD: Health and Public Safety

The position was vacant for 2015/16.

If the position was filled for the entire financial year the remuneration would have amounted to R1 578 989. Acting allowance to the value of R106 994 was paid in the 2015/16 financial year in respect of the vacant HOD: Health and Public Safety position.

Remuneration of HOD: Infrastructure Services

Annual Remuneration	947,393	801,323
Travel Allowance	168,000	154,000
Allowance	246,555	179,194
UIF	1,785	1,636
Medical Aid	18,320	16,531
Pension Contributions	184,742	149,464
Group Life	12,194	10,164
	1,578,989	1,312,312

Remuneration of HOD: Development and Spatial Planning

Annual Remuneration	947,393	836,163
Travel Allowance	192,000	64,000
Allowance	215,913	417,308
UIF	1,785	1,785
Medical Aid	29,027	26,194
Pension Contributions	184,742	40,763
Group Life	8,130	7,392

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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34. Employee related costs (continued)

	1,578,990	1,393,605
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Remuneration of HOD: Municipal Services

The position was vacant for 2015/16.

If the position was filled for the entire financial year the remuneration would have amounted to R1 578 989. Acting allowance to the value of R285 603 was paid in the 2015/16 financial year in respect of the vacant HOD: Municipal Services position.

Remuneration of HOD: Economic Development & Agencies

This is a new position.

Guarantees by the entity in respect of commercial bank housing loans for officials amount to R74 400 (2015: R105 400).

BCMDA - Remuneration of Chief Executive Officer- Appointed 01 November 2015

Annual Remuneration	905,477	-
Car Allowance	160,000	-
Contributions to UIF, Medical and Pension Funds	1,190	-
	1,066,667	-

BCMDA - Remuneration of Chief Financial Officer- Appointed 18 April 2016

Annual Remuneration	207,272	-
Car Allowance	24,333	-
Contributions to UIF, Medical and Pension Funds	446	-
	232,051	-

BCMDA - Remuneration of Company Secretary/Legal Advisor- Appointed 01 June 2016

Annual Remuneration	71,622	-
Contributions to UIF, Medical and Pension Funds	149	-
	71,771	-

BCMDA - Corporate and human resources - Appointed 01 June 2016

Annual Remuneration	68,605	-
Car Allowance	15,000	-
Contributions to UIF, Medical and Pension Funds	149	-
	83,754	-

BCMDA - Employee related costs do not have comparative figures as the agency was re-established through the appointment of the Board in February 2014 and subsequent appointment of the Chief Executive Officer in November 2015 and other vacant positions were filled during the course of 2015/16 financial year.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
35. Remuneration of councillors		
Executive Mayor (2015: appointed on 09 June 2015)	745,445	678,810
Deputy Mayor (2015: appointed on 09 June 2015)	602,036	544,791
Mayoral Committee Members	4,993,958	4,635,216
Speaker	602,036	546,425
Councillors	23,899,021	22,929,385
Councillors' pension contribution	3,306,271	3,046,769
Councillors housing subsidy	2,846,951	2,514,804
Councillors medical aid	1,783,219	1,539,291
Travel allowance	14,910,068	11,246,697
BCMDA - Board members	686,301	677,449
	54,375,306	48,359,637
BCMDA - Board members		
Bonakele T	220,913	85,247
Kondlo S	114,000	105,059
Ncwaiiba V	165,430	133,714
Sangqu C	123,484	119,358
Zitumane V	58,500	234,071
	682,327	677,449
Prior period error - BCMDA Board members	50	
Balance previously reported	-	665,199
Adjusted - BCDA	-	12,250
Restated		677,449

In-kind benefits

The Executive Mayor, Deputy Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Cost of secretarial support amounts to R12 296 778 (2015: R6 880 131).

The House Keeper's cost to Council amounts to R41 477 (2015: R118 079).

The Executive Mayor, Deputy Mayor and Speaker each have the use of a Council owned vehicle for official duties. Operating costs of the vehicles amount to R23 216 (2015: R141 697). Repairs to the Speakers vehicle amounted to R23 603. An amount of R2 170 105 (2015: R2 515 396) was incurred for hired vehicles.

The Executive Mayor, Deputy Mayor and Speaker each have full-time bodyguards. Cost of 9 bodyguards amounts to R4 459 483 (2015: 17 bodyguards R7 631 123).

36. Repairs and maintenance

Repairs and maintenance	350,105,699	287,392,606
Prior period error	50	
Balance previously reported	-	284,054,233
Adjusted - Note 50	-	3,338,373
Restated		287,392,606

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand		2016	2015
37. Depreciation and amortisation			
Property, plant and equipment		780,643,387	682,269,384
Intangible assets - amortisation (Refer note 5)		9,167,844	2,561,577
		789,811,231	684,830,961
Prior period errors - PPE	50		
Balance previously reported		- 728,984,376	
Adjusted - Note 50		- (46,714,992)	
Restated		- 682,269,384	
Prior period errors - Intangible assets	50		
Balance previously reported		- 390,629	
Adjusted - Note 46		- 2,170,948	
Restated		- 2,561,577	
Prior period errors - Summary	50		
Balance previously reported		- 729,375,005	
Adjusted - Note 46		- (44,544,044)	
Restated		- 684,830,961	
38. Finance costs			
Non-current borrowings		54,877,713	60,674,266
39. Debt impairment			
Contributions to debt impairment allowance account		210,111,414	365,110,172
40. Bulk purchases			
Electricity		1,241,905,006	1,043,185,522
Water		185,412,747	170,456,251
		1,427,317,753	1,213,641,773
41. Contracted services			

In 2016 in terms of the implementation of mSCOA, all expenditure has been disclosed in the financial statements in terms of their nature, relevant to the new mSCOA classification structures. As a result, there is no expenditure that has been separately included under the line item "Contract services", but rather under the various expenditure line items in the Statement of Financial Performance in terms of their GRAP nature.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
42. General expenses		
Accounting fees	99,965	85,965
Advertising	4,086,427	2,787,216
Assessment rates & municipal charges	107,892,740	76,706,338
Auditors remuneration	13,147,855	12,868,232
Bank charges	5,170,129	6,329,630
Chemicals	13,214,476	12,279,070
Cleaning	4,284,022	4,241,602
Commission paid	18,824,508	17,030,075
Conferences and seminars	5,226,046	5,388,405
Consulting and professional fees	27,363,747	26,790,545
Consumables	7,531,096	5,909,720
Disconnections	9,915,533	9,667,756
Entertainment	3,635,455	2,335,533
Essential user cost	20,203,145	16,931,536
Lease rentals on operating lease	62,654,608	62,523,932
Remuneration to Ward Committees	5,034,000	7,737,854
Placement fees	56,275	-
Fines and penalties	25,548	12,887
Fuel and oil	35,011,436	38,273,910
Hire (labour and plant)	422,597	3,146,895
IT expenses	25,936,296	12,327,511
Insurance	19,648,844	20,849,733
Levies	17,292,620	20,587,099
Magazines, books and periodicals	396,428	632,153
Marketing	4,974,837	1,794,050
Motor vehicle expenses	3,574,619	4,822,923
Other expenses	50,590,442	64,107,192
Post-retirement medical obligation net cost	18,659,910	105,013,797
Postage and courier	5,357,777	5,817,320
Printing and stationery	5,760,753	5,666,913
Projects	414,836,457	369,973,667
Promotions	148,072	190,590
License fees	3,794,204	8,514,790
Security (Guarding of municipal property)	846,061	444,380
Special events	8,200,517	5,706,830
Subscriptions and membership fees	12,251,725	11,098,046
Telecommunication costs (telephones, faxes and cell phones)	19,385,130	23,028,770
Title deed search fees	41,960	26,700
Training	13,218,280	3,488,352
Travel - local	10,663,324	9,612,718
Travel - overseas	1,619,960	1,718,090
Uniforms	7,316,484	7,143,405
	988,314,308	993,612,130
Reclassification - Remuneration to ward committees		
Balance previously reported total general expenses		- 971,872,848
Re-allocated from basic emoluments	34	- 7,737,854
Restated		- 979,610,702
Prior period errors	50	
Balance previously reported		- 994,217,555
Adjusted - Note 50		- (626,247)
Adjusted - BCDA - Note 50		- 20,820
Restated		- 993,612,128

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

42. General expenses (continued)

In 2016 in terms of the implementation of mSCOA, expenditure has been disclosed in the financial statements in terms of their nature, relevant to the new mSCOA classification structures. As a result thereof, expenditure in the amount of R14 606 853 that was previously disclosed under a separate note "Contracted services" in respect of 2015 has now been reallocated under the following general expenditure categories:

- Entertainment	R 3 391
- Hire (labour and plant)	R 2 923 916
- Marketing	R 1 355 950
- Other expenses	R10 215 146
- Uniforms	R 108 450
Total	R14 606 853

Reclassification - Assessment rates & municipal charges

Balance previously reported	- 353,691
Merged - Electricity	- 52,861,194
Merged - Refuse	- 11,115,629
Merged - Water	- 12,375,824
Restated balance	- 76,706,338

Reclassification - Projects

Merged - BCMET	- 135,125
Merged - DWAF	- 5,302,871
Merged - Operating and housing projects ex grants	- 263,279,958
Merged - Projects ex surplus and other	- 76,882,177
Transferred from Other expenses	- 24,999,783
Restated balance	- 370,599,914

Reclassification - IT expenses

Balance previously reported	- 3,424,713
Merged - Computer expenses	- 7,941,136
Merged - Software expenses	- 961,662
Restated balance	- 12,327,511

Reclassification - Special events

Balance previously reported	- 2,190,570
Transferred from other expenses	- 3,516,260
Restated balance	- 5,706,830

Reclassification - Conferences and seminars

Balance previously reported	- 2,712,792
Transferred from other expenses	- 2,664,648
Restated balance	- 5,377,440

Reclassification - Training

Balance previously reported	- 2,765,093
Transferred from other expenses	- 723,259
Restated balance	- 3,488,352

Prior period error - Consulting fees

50

Balance previously reported	- 26,769,725
Adjusted - BCDA - Note 50	- 20,820
Restated	- 26,790,545

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
43. Fair value adjustments and discounting of receivables and payables		
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	13,727,929	(4,909,235)
In terms of GRAP 104 Paragraph AG 87 the initial period granted for short-term payables and receivables is 30 days. As the normal municipal receivables and payables terms are within 30 days and is consistent with established practice and legislation, no discounting needs to be performed.		
44. Auditor General remuneration		
Audit fees	13,147,855	12,868,232
45. Cash generated from operations		
Surplus	684,133,176	369,505,277
Non cash movements:		
Depreciation and amortisation	37 789,811,231	684,830,961
Loss / (gain) on sale of assets and liabilities	4 (499,569)	32,772,122
Share of profit of associate	7 (30,383,365)	(22,359,440)
Fair value adjustment on Investment property revalued	43 (13,727,929)	4,909,235
Impairment deficit	4 -	504,750
Debt impairment	39 210,111,414	365,110,172
Movements in operating leases	9 (2,929,997)	(2,573,654)
Movements in post retirement medical aid benefit obligation	10 1,692,983	89,348,202
Movements in provisions relating to landfill sites	20 8,417,824	(7,473,888)
Adjustments in SoCNA on accumulated surplus	4 -	7,659,232
Non-cash and adjustments on PPE	4 (8,142,771)	(20,460,681)
Movement in operating lease liability	9 92,989	-
Revaluation on PPE	4 -	15,764,840
Revaluation recognized in SoCNA	16 (8,740,052)	436,826,309
Impairment	4 -	(34,040)
Opening balance adjustment on PPE 2015	4 -	(389,360,547)
Opening balance adjustment on Intangible assets 2015	5 -	1,088,030
Depreciation adjustment	4 (1,158,832)	(1,051,645)
Changes in working capital:		
Inventories	11 8,848,174	5,719,579
Movement in Receivables from exchange transactions	14 (254,235,806)	(309,829,240)
Other receivables from non-exchange transactions	12 (322,984,614)	(170,586,935)
Payables from exchange transactions	24 328,511,889	(37,607,467)
Movement in VAT receivables	13 (13,829,436)	(17,450,056)
Movement in VAT payable	25 357,562	28,043
Unspent conditional grants and receipts	18 19,727,167	(22,178,515)
	1,395,072,038	1,013,100,644
Adjustments in SoCNA		
Adjustment in opening balance prior to 2015	-	2,910,798
Aquarium animals adjustment	-	40,181
Zoo animals adjustment	-	328,985
Take-on movable assets	-	6,206,798
Take-on	-	369,240
Take-on adjusted	-	(2,196,770)
	-	7,659,232

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
46. Current tax payable		
Balance at beginning of the year	(247,682)	(247,682)
Prior period error - Current tax payable		
Balance previously reported	-	(265,227)
Adjusted - Note 50	-	17,546
Restated	-	(247,681)

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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47. Commitments

Authorised capital expenditure

Approved and contracted for - Property, Plant and Equipment

• Community (including housing)	341,865,869	637,068,861
• Infrastructure	775,851,410	408,263,755
• Other	23,022,899	13,529,942
	1,140,740,178	1,058,862,558

Prior Year Adjustments

Previously disclosed 2014/15 annual financial year	- 1,398,307,872
Revised disclosure 2014/15 annual financial year	- 1,058,862,558
	- 339,445,314

Previously disclosed 2014/15 annual financial year

Community (including housing)	- 668,844,677
Infrastructure	- 676,749,553
Other	- 52,713,642
	- 1,398,307,872

Authorised operational expenditure

Already contracted for but not provided for

• Operating lease - Premises	491,847	-
• Operating lease - IT equipment	124,673	-
• Email and website development and design	129,139	-
• Procurement of financial management system	528,659	-
	1,274,318	-

Total operational commitments

Already contracted for but not provided for	1,274,318	-
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This committed expenditure relates to rental of photocopier, office space, procurement of internet services and the financial management system and will be financed by available bank facilities arising from funding received from Buffalo City Metropolitan Municipality.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	5,043,710	9,811,302
- in second to fifth year inclusive	5,907,164	7,685,056
	10,950,874	17,496,358

Operating lease payments represent rentals payable by the entity for certain of its office properties and a multipurpose printer/copier. Leases are negotiated for an average term of five years and rental increases escalates between 0% and 12% annually.

No contingent rent is payable.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
48. Contingent liabilities		
Litigation issues		
Claims have been instituted against Council due to alleged assault and defamation. Legal advice has been sought and Council will defend the claim.	300,000	400,000
Claims have been instituted against Council due to alleged outstanding payments, contractual disputes and various damage claims. Two matters disclosed in the 2014/2015 financial year totalling R165,139 were finalised (Intengu Communications // BCMM and Arrow Trade t/a Auto Hire // BCMM). There were two new matters disclosed in the 2015/2016 financial year totalling R1,020,667 which were received in the 2015/2016 financial year which resulted in the increase in value.	5,518,503	4,662,975
A claim has been instituted against Council by Dalwick Trading in respect of alleged breach of contract. The contractor presented BCMM with a letter of appointment regarding a 2010 Legacy Project but there is no record within BCMM of the contractor tendering or being awarded the contract (Date of incident August 2008 and summons received by BCMM November 2010).	1,563,415	1,563,415
A claim has been instituted against Council by M.Sithole for damages suffered as a result of his appointment as Municipal Manager being rejected by Council (Date of incident August 2009 and summons received by BCMM June 2011).	1,382,118	1,382,118
A claim has been instituted against Council by RJW Ikusasa JV due to cancellation of a contract to lay a bulk sewer pipe due to non performance (Summons received by BCMM November 2007).	9,780,185	9,780,185
A claim has been instituted against Council by Tshiki & Sons Inc. seeking a court order to compel Council to pay fees allegedly due in respect of Conveyancing work done on Council's behalf (Date of incident September 2011 and letter of demand received by BCMM June 2014).	11,993,894	11,993,894
A claim has been instituted against Council by Nurcha Development & Tusk Construction for alleged breach of contract (Cession agreement signed by the Contractor New Boss CC) (Date of incident June 2011 and summons received by BCMM January 2012).	7,261,174	7,261,174
A claim has been instituted against Council by Mkwanazi Construction (Pty) Ltd claiming for damages arising from alleged delays and disruptions in the construction project (Date of incident October 2011 and summons received by BCMM April 2012).	36,861,290	36,861,290
A claim has been instituted against Council by Faye Heuer claiming for damages against Council due to an accident allegedly caused by potholes (Date of incident February 2009 and summons received by BCMM February 2012).	2,209,820	2,209,820
Contracts awarded during Dr.Zitha's tenure as Acting Municipal Manager were investigated by forensic auditors. The forensic investigation has been completed and a final report has been submitted to Council. Council is to decide on the outcome of the report.	20,474,866	20,474,866
A claim has been instituted against Council by Reigerton Farms for Gonubie Main Road (Letter of demand received April 2013).	15,812,736	15,812,736
A claim has been instituted against Council by Ranamane Mokafane Incorporated for professional fees owed for services rendered by them (Date of incident April and May 2010 and summons received March 2013).	2,724,871	2,724,871
A claim has been instituted against Council by Willards Travel Services (PTY) Ltd for fees owed for services rendered by them (Date of incident November 2013 to January 2014 and letter of demand received February 2014).	1,324,451	1,324,451
A claim has been instituted against Council by Ursa Give JV for work allegedly completed by them for BCMM (Date of incident March 2014 and summons received December 2014).	5,222,154	5,222,154
A claim has been instituted against Council by Primelands Properties for cancellation of a tender awarded to them by BCMM (Letter of demand received July 2014). The amount disclosed in the 2014/2015 financial year was as per the letter of Demand received by BCMM which was R14,400,000. When Primelands issued the Summons in the 2015/2016 financial year the amount was 17,465,502.	17,465,502	14,400,000
A claim has been instituted against Council by Civcon for cancellation of a tender awarded to them by BCMM (Date of incident December 2013 and summons received October 2014). (Resolved)		15,536,453

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
48. Contingent liabilities (continued)		
A claim has been instituted against Council by THM Engineers & Others for payment of additional fees relating to a contract to construct toilets (Date of incident May 2014 and summons received October 2014).	1,157,925	1,157,925
A claim has been instituted against Council by Adalwa Trading cc for unlawful termination of contract and non-payment for services rendered (Date of incident June 2015 and summons received September 2015).	1,452,000	-
A claim has been instituted against Council by Asla Construction (Pty) Ltd in respect of alleged breach of contract and interest accruing from non-payment (Date of incident September 2015 to February 2016 and summons received May 2016).	23,836,859	-
A claim has been instituted against Council by Asla Construction (Pty) Ltd in respect of Provisional Sentence for Certificates issued for services rendered in terms of an alleged contract between BCMM and them (Date of incident June to August 2015 and summons received October 2015).	7,026,973	-
Total Contingent Liabilities in respect of Litigation Issues	173,368,736	152,768,327
Labour issues		
Directors bonuses. The liability for the 2014/2015 financial year was calculated from 2010/2011 to 2014/2015 whereas the liability for the 2015/2016 financial year was calculated from 2012/2013 to 2015/2016 as it is unlikely that the bonuses for the 2010/2011 and 2011/2012 would become payable.	4,892,489	5,771,204
Labour disputes which have resulted in possible claims by employees.	3,618,180	2,898,117
Unfair Labour Practice in relation to progression of Fire Fighters with effect from 01 April 2010.	-	6,345,582
Total Contingent Liabilities in respect of Labour Issues	8,510,669	15,014,903
Insurance issues		
Claims have been instituted against Council due to alleged assault, unlawful/wrongful arrest, defamation and various personal injury claims. Legal advice has been sought and Council will defend claims where so advised.	7,083,887	6,458,450
Claims have been instituted against Council due to various damage claims.	2,722,830	1,767,074
A claim has been instituted against Council by Mercedes-Benz SA in respect of a voltage fluctuation which allegedly fell outside the time periods and parameters as agreed upon in the electricity supply agreement between BCMM and MBSA resulting in damage to body shop machinery (Date of incident September 2009 and claim received by BCMM November 2009). (Resolved)	-	2,300,235
A claim has been instituted against Council by M. Gwentsha, K. Ponj, N. Magxwalisa, T. Nzuzo and D. Sam in respect of an alleged shooting incident (Date of incident January 2009 and claim received by BCMM March 2009). (Resolved)	-	2,500,000
A claim has been instituted against Council by T. Bejia and D.H.E. Bejia in respect of personal injury and vehicle damages caused by a pothole (Date of incident July 2012 and claim received by BCMM December 2012).	7,001,517	7,001,517
A claim has been instituted against Council by S. Tsotile in respect of personal injury caused by tripping in an open manhole (Date of incident January 2013 and Summons received by BCMM November 2013).	4,000,000	4,000,000
A claim has been instituted against Council by B.B. Sparks in respect of personal injury and vehicle damages caused by smoke from fire (Date of incident November 2013 and claim received by BCMM February 2014).	1,950,000	1,950,000
A claim has been instituted against Council by A.N. Ndumela in respect of financial loss caused by the incorrect approval of a plan (Date of incident October 2007 and claim received by BCMM August 2014).	1,500,000	1,500,000
A claim has been instituted against Council by Collectall Properties Trust, Collectall Group (Pty) Ltd, Haddpack (Pty) Ltd and Actebis 312CC t/a D&T Engineering in respect of property damaged by a fire (Date of incident June 2014 and claim received by BCMM December 2014). (Resolved)	-	7,342,358
A claim has been instituted against Council by S. Sithole in respect of personal injury caused by a sliding gate (Date of incident June 2015 and claim received by BCMM July 2015). (Resolved)	-	3,800,000

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
48. Contingent liabilities (continued)		
A claim has been instituted against Council by N.E. Sokoyi in respect of the death of her son caused by an electrical cable (Date of incident November 2012 and claim received by BCMM November 2015).	1,400,000	-
A claim has been instituted against Council by N. Ndamase in respect of injury to her son caused by a collapsed floodlight mast (Date of incident October 2015 and claim received by BCMM May 2016).	1,100,000	-
A claim has been instituted against Council by H. Dirker in respect of injury caused by a water slide (Date of incident December 2013 and claim received by BCMM March 2016).	4,000,000	-
A claim has been instituted against Council by M. Noland, E. Johannes, C.A. Fraser, G. Peacock, R. Windvogel and A. Gomo in respect of an alleged shooting incident (Date of incident May 2016 and claim received by BCMM May 2016).	1,400,000	-
A claim has been instituted against Council by D. Mangaliso in respect of injury to her son caused by falling into a sewerage water pit. (Date of incident June 2016 and claim received by BCMM August 2016).	1,200,000	-
A claim has been instituted against Council by R.J. Janse van Rensburg in respect of injury caused by falling into an open drain. (Date of incident May 2014 and summons received by BCMM August 2016).	2,535,000	-
Total Contingent Liabilities in respect of Insurance issues	35,893,234	38,619,634
Total Contingent Liabilities	217,772,639	206,402,864

Contingent assets

A counterclaim of R27 140 802 (2015: R27 140 802) has been instituted by Council against Dormell Properties trading as Alliance Communications for repayment of amounts paid to them relating to the forensic investigation on Dr Zitha's appointments.

BCMM purchased property in the amount of R762 440 (2015: R762 440) from Roger Rodney Smith who has now instituted a claim against Council for the sale to be reversed. If successful, BCMM will be refunded the amount.

Summons in the amount of R492 050 (2015: R492 050) have been issued to parties to recover costs incurred relating to a forensic investigation undertaken in respect of services rendered for waste sites.

A claim of approximately R515 946 (2015: R515 946) has been instituted by Council against ASBF Marking, Imigudu Joint Venture and Others due to contractor disputes whereby the contractor defaulted from their obligations in terms of the contract.

A claim in reconvention of R7 327 965 (2015: R7 327 965) has been instituted by Council against Phumelela Africa Professional Engineers t/a Phumaf Consulting Engineers (Pty) Ltd for repayment of amounts paid to them as the procurement processes were not followed.

A claim of R0 (2015: R120 000) has been instituted by Council against Yekela for payment of taxed costs in favour of BCMM.(Resolved)

A claim of R48 687 (2015: R0) has been instituted by Council against Jikwana for payment of taxed costs in favour of BCMM.

A claim of R33 714 (2015: R0) has been instituted by Council against Erf 14719 Zilmar Court Yard for payment of taxed costs in favour of BCMM.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

2016

2015

49. Related parties

Controlled entities

Buffalo City Metropolitan Development Agency SOC Ltd

Associate

Refer to note 7

Members of key management - BCMDA

Mr GB Qotywa

Ms V Ntsodo

Mr Jikela

Buffalo City Metropolitan Development Agency (BCMDA) (a SOC Ltd company registration no 2016/168330/30)

The BCMDA was incorporated on 20 April 2016 as a Municipal entity of BCMM. BCMDA is 100% controlled by BCMM.

BCMM relationship with BCMDA: Subsidiary - Buffalo City Metropolitan Development Agency (SOC) Ltd.

The entity issued grants of R 871 360 (VAT inclusive) to BCMDA during the current financial year (2015: R0 - VAT inclusive).

BCMDA has paid no consumer accounts during the current financial year.

There are no share based payments in respect of BCMDA.

There are no post-employment benefits for key personnel in respect of BCMDA.

BCMDA - New Board members were appointed with effect from 01/02/14 and BCMDA was registered on 20/04/16.

For key management and Councillors remuneration refer to notes 34 and 35.

Buffalo City Development Agency (BCDA) (a Section 21 company registration no 2004/016829/08):

The BCDA was incorporated on 18 June 2004 as a Municipal entity of BCMM. BCDA is 100% controlled by BCMM. BCMM Council resolved to report all Agency related pre-incorporation financial transactions for the first time at 30 June 2005.

BCMM relationship with BCDA: Subsidiary - Buffalo City Development Agency (SOC) Ltd.

The entity issued grants of R4 108 909 (VAT inclusive) to BCDA during the current financial year (2015: R1 850 658 - VAT inclusive).

BCDA has paid no consumer accounts during the current and 2015 financial years.

There are no share based payments in respect of BCDA.

There are no post-employment benefits for key personnel in respect of BCDA.

BCMM paid an amount of R944 938 (2015: R1 767 681) VAT inclusive in respect of grass mowing, municipal services and office rental for the 2015/16 financial year to the East London IDZ.

All Councillors and Employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Buffalo City Metropolitan Municipality

East London IDZ SOC Ltd

(536,560)

27,416

Key management information - BCMDA

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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49. Related parties (continued)

Class	Description	Number
Non-executive board members	Board of Directors	5
Audit Committee	Shared with parent municipality	6
Executive management	Agency management	3

50. Prior period errors

During the year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods:

The correction of the error(s) results in adjustments as follows:

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

50. Prior period errors (continued)

Accumulated surplus prior to 2015

Adjustment to wastewater network	4	-	12,244,269
Adjustment to roads	4	-	(873,389)
Unspent grants recognised as revenue	18	-	6,895,748
Payables from exchange transactions-salaries back pay	24	-	(16,591,707)
Adjustment to intangible assets	5	-	(1,088,032)
Adjustment to other debtors - accrued income	12	-	(2,101,464)
Adjustment to furniture and office equipment	4	-	4,512,148
Adjustment to other buildings	4	-	(86,778)
Total changes to accumulated surplus prior to 2015		-	2,910,795

Statement of Financial Position 2015

Adjustment to plant, furniture & office equipment	4	-	914,290
Adjustment to WIP	4	-	(885,821)
Adjustment to intangible assets	5	-	3,258,979
Adjustment to wastewater network	4	-	(63,377,560)
Adjustment to unspent conditional grants	18	-	(14,175,381)
Adjustment to payables from exchange transactions	24	-	68,702,066
Adjustment to other debtors - accrued income	12	-	2,101,464
Adjustment to roads	4	-	2,125,867
Adjustment to other properties	4	-	17,230
Adjustment to water network	4	-	868,466
Adjustment to electricity network	4	-	68,863
Adjustment to the revaluation reserve	16	-	(729,374)
Adjustment to community buildings	4	-	2,161,481
Adjustment to Vat Payable - BCDA	25	-	(2,915)
Adjustment to Payroll Payables - BCDA	24	-	12,250
Adjustment to Trade payables - BCDA	24	-	23,735
Adjustment to Current tax payable - BCDA	46	-	(17,546)
Total changes to the Statement of Financial Position 2015		-	1,266,094
		-	1

Statement of Financial Performance 2015

Surplus for the year as per audited financial statements		-	371,485,396
Transferring opex from WIP to general maintenance expenditure	42	-	(3,338,374)
Depreciation on wastewater network adjusted 2015	37	-	44,544,044
Conditional grants recognised as revenue - sundry income 2015	29	-	7,004,916
Salaries, overtime and allowances paid in 2016 iro 2014	34	-	(48,712,413)
Operating expenditure relating to housing projects 2015	42	-	626,249
Conditional grants recognised as revenue - other subsidies 2015	33	-	274,716
Gain (loss) on disposal of assets and liabilities 2015	4	-	(2,363,733)
Directors fees - BCDA	35	-	(12,250)
Consulting fees - BCDA	42	-	(20,820)
Tax expense - BCDA	46	-	17,271
Deferred tax adjustments - BCDA	46	-	275
Net affect on surplus for 2015		-	(1,980,119)
Restated surplus for 2015		-	369,505,277

Reconciliation of restated balance of the accumulated surplus as at 1 July 2014

Balance as per audited financial statements	-	9,006,243,648
Changes affecting net assets	-	2,910,795
Balance as at 1 July 2014 restated	-	9,009,154,443

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

50. Prior period errors (continued)

Reconciliation of restated balance of the accumulated surplus as at 1 July 2015

Balance as per audited financial statements	- 9,384,674,248
Changes affecting net assets	- (1,266,094)
Balance as at 1 July 2015 restated	- 9,383,408,154

Summary: Adjustments affecting Net Assets

Changes to operating I & E accounts in the 2014 and earlier years	- 2,910,795
Changes to operating I & E accounts in the 2015 and earlier years	- (1,980,119)
Changes to the accumulated surplus for 2015 (movable assets)	- (2,196,770)
Total changes affecting Net Assets	- (1,266,094)

51. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The municipality's strong financial position will allow additional access to long-term facilities as and when required.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

51. Risk management (continued)

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk.

The risk of a decrease in interest rate will place additional pressure to funding operations as a result of less income being realised from interest received.

Cash flow interest rate risk

Financial Instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Trade and other receivables - normal credit terms	10.00 %	1,156,632,408	-	-	-	-
Cash in current banking institutions	6.50 %	223,091,395	-	-	-	-
Call investment deposits	5.95 %	2,152,490,316	-	-	-	-
Trade and other payables - extended credit terms	9.00 %	435,192,104	-	-	-	-
Long term borrowings	10.17 %	(50,709,031)	(98,350,595)	(150,922,619)	(208,896,175)	(236,871,501)

These amounts best represent maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements.

Sensitivity Analysis of Market Risk

Effect of a 1% change in the Interest rate	Current Interest rate	Value 30 June 2016	Discounted value at current rate	Discounted value at current rate (-1%)	Discounted value at current rate (+1%)
Trade and other receivables	10.00 %	1,156,632,408	1,051,484,007	1,061,130,650	1,042,011,178
Trade and other payables	9.00 %	435,192,104	399,258,811	402,955,652	395,629,185
Cash in current banking institutions	6.50 %	223,091,395	209,475,488	211,461,038	207,526,879
Call investment deposits	5.95 %	2,152,490,316	2,031,609,548	2,050,967,428	2,012,613,666

The sensitivity analysis was based on the assumption that a 1% increase or decrease in the interest rate could occur. The method used to prepare the sensitivity analysis was based on the discounted value of the respective cash flow for 1 year using the respective current interest rate in order to determine the effect of applicable market risk of a 1% increase or decrease in the interest rate.

Credit risk

Credit risk consists mainly of cash deposits (refer note 15) and trade debtors (refer notes 12 & 14). The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

51. Risk management (continued)

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of debt, which includes the borrowings, cash and cash equivalents and equity.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The entity is in an enviable position of having access to additional long term facilities in order to invest in the replacement of infrastructure assets.

52. Going concern

The audited consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

53. Events after the reporting date

At the time of preparing and submitting the Annual Financial Statements there were no subsequent events to disclose.

54. Unauthorised expenditure

Unauthorised expenditure	432,067,162	186,767,984
Expenditure authorised in terms of section 32 of the MFMA	(432,067,162)	-
Unauthorised expenditure for the year	21,985,787	245,299,178
Closing balance	21,985,787	432,067,162

The unauthorised expenditure for 2015 can be attributed to difficulty of achieving budget accuracy for each expenditure type due to varying operational requirements.

The unauthorised expenditure comprises the following:

- Debt impairment of R178.04 million
- Depreciation and asset impairment of R12.79 million
- Finance charges of R1.42 million
- Transfers and grants of R32.25 million due to an increase in the indigent register
- Other expenditure of R20.86 million as a result of transfers that were made between capital and operating expenditure

The unauthorised expenditure for the 2016 financial year relates to the Directorate Municipal Services.

55. Fruitless and wasteful expenditure

Opening balance	6,028,133	5,532,125
Acts of negligence.	71,218	479,457
Interest charged on overdue accounts due to late payment.	64	164
SARS - Interest	4,350	3,500
SARS - Penalties	25,548	12,887
	6,129,313	6,028,133

Staff members involved in acts of negligence resulted in the entity incurring losses totalling R71 282 (2015: R479 621).

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

55. Fruitless and wasteful expenditure (continued)

BCMM has established a Municipal Public Accounts Committee (MPAC) which is constituted by Council to investigate all irregular, fruitless and wasteful expenditure. The MPAC recommends to Council the write off and future actions to be taken in accordance with the provisions in terms of Section 32 of the MFMA.

The 2015 opening balance amount of R5 532 125 includes expenditure relating to the period from 2010.

56. Irregular expenditure

Opening balance	1,953,077,372	1,399,317,692
Add: Irregular Expenditure - current year	235,302,065	553,759,680
Less: Amounts written-off approved by Council	(340,459,153)	-
Closing balance	1,847,920,284	1,953,077,372

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

56. Irregular expenditure (continued)**Analysis of expenditure awaiting condonation per age classification**

Amounts written-off approved by Council	(340,459,153)	-
Current year	235,302,065	553,759,680
Prior years	1,953,077,372	1,399,317,692
	1,847,920,284	1,953,077,372

Details of irregular expenditure

Procurement made outside SCM regulations	3,387,884	21,979,765
BCC contracts	118,393,925	90,821,414
Annual contracts	80,325,614	247,142,393
Electricity contracts	-	110,250
Expired leases	-	253,903
Irregular expenditure made on 3 quotation system	2,510,571	4,597,777
Database transactions below R30 000	-	180,590
Formal contracts	1,745,761	9,658,451
Informal contracts	-	1,109,016
Non-approved deviations by Council - MFMA Reg 36 on SCM	-	96,200,031
Suppliers in service of state	28,938,310	81,205,455
Expenditure in excess of awarded contract value	-	500,635
	235,302,065	553,759,680

Prior Year Adjustment : Opening balance

As previously disclosed 2014/15 annual financial year	- 1,338,394,885
Revised disclosure 2014/15 annual financial year	- 1,399,317,692
	-

Details of irregular expenditure - Previously disclosed 2014/15 financial year

Procurement made outside SCM regulations	- 21,955,212
BCC contracts	- 79,221,509
Annual contracts	- 222,308,106
Electricity contracts	- 110,250
Expired leases	- 253,903
Irregular expenditure made on 3 quotation system	- 4,504,736
Database transactions below R30 000	- 180,590
Formal contracts	- 4,627,975
Informal contracts	- 957,016
Non-approved deviations by Council - MFMA Reg 36 on SCM	- 95,545,663
Suppliers in service of state	- 49,580,215
	- 479,245,175

57. In-kind donations and assistance

FELZOO donated assistance to BCMM	4,000	71,149
FELA donated assistance BCMM	-	3,800
	4,000	74,949

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

58. Additional disclosure in terms of Municipal Finance Management Act**Contributions to organised local government**

Current year subscription / fee	11,800,000	11,096,000
Amount paid - current year	(11,800,000)	(11,096,000)
	-	-

Contributions to SA Cities Network

Current year subscription / fee	1,650,000	1,500,000
Amount paid - current year	(1,650,000)	(1,500,000)
	-	-

Audit fees

Current year fee	13,212,304	12,868,232
Amount paid - current year	(13,212,304)	(12,868,232)
	-	-

PAYE, UIF and Skills

Current year subscription / fee	210,681,215	179,546,520
Amount paid - current year	(210,681,215)	(179,546,520)
	-	-

Amounts in respect of June 2016 were paid by 07 July 2016 as per legislation, therefore there were no outstanding amounts for the financial year 2015/16.

Pension and Medical Aid Deductions

Current year subscription / fee	313,834,329	278,218,096
Amount paid - current year	(313,834,329)	(278,218,096)
	-	-

Amounts in respect of June 2016 were paid by 07 July 2016 as per legislation, therefore there were no outstanding amounts for the financial year 2015/16.

VAT

VAT receivable	96,847,762	83,018,326
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VAT output payables and VAT input receivables are shown in note 13 as net VAT receivable.

All VAT returns have been submitted by the due date throughout the year. Vat is only declared to SARS on receipt of payment from consumers.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

58. Additional disclosure in terms of Municipal Finance Management Act (continued)**Councillors' and officials arrear consumer accounts**

Arrear Councillors accounts totalling R4 621 were outstanding for more than 90 days at 30 June 2016 (2015: R30 811) for which mechanisms are in place to deduct amounts from the monthly allowances of each Councillor.

30 June 2016

	Outstanding more than 90 days R	Total R
Councillor A.M. Matana - water leak query and existing stop order deduction	- 3,018	3,018
Councillor M. Sam - existing stop order deduction	- 1,603	1,603
	- 4,621	4,621

30 June 2015

	Outstanding more than 90 days R	Total R
Councillor N.P. Peter - existing stop order deduction	- 14,067	14,067
Councillor A.M. Matana - water leak query and existing stop order deduction	- 11,459	11,459
Councillor M.G. Nkula - existing stop order deduction	- 2,833	2,833
Councillor R.N. May - existing stop order deduction	- 1,720	1,720
Councillor T. Mtintsilana - existing stop order deduction	- 732	732
	- 30,811	30,811

During the year officials accounts totalling R799 344 (2015: R668 455) were outstanding for more than 90 days.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

58. Additional disclosure in terms of Municipal Finance Management Act (continued)

Deviation from supply chain management regulations

Regulation 36 of the MFMA on Supply Chain Management (SCM) Regulations and clause 36 of the SCM Policy of 2012 states that a SCM Policy must provide for the procurement of goods and services by way of a competitive bidding process.

Regulation 36 states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the audited separate annual financial statements.

During the financial year under review goods/services totaling R241 666 353 (2015: R3 163 213) were procured and the process followed in procuring those goods/services deviated from the provisions of the regulations as stated above. The accounting officer approved the deviations from the normal SCM regulations.

Nature of deviation

	No of contracts	Value of contracts
Emergency	25	121,308,939
Sole supplier	9	87,004,400
Other exceptional cases	22	31,787,416
Deviations - BCMDA	4	1,541,456
	60	241,642,211

ELECTRICITY LOSSES

	AMOUNT	%	AMOUNT	%
Technical	- 80,726,395	6.50	67,757,414	6.50
Non-technical	- 99,728,870	8.03	95,054,329	9.30
	- 180,455,265	14.53	162,811,743	15.80

Technical losses: Losses within the network which are inherent in any network.

Non-technical losses: Theft, faults and billing errors.

Attempts are currently being made to reduce these non-technical losses.

WATER LOSSES

	AMOUNT	%	AMOUNT	%
Technical	- 85,446,631	30.00	86,523,456	30.00
Non-technical	- 31,273,467	10.98	12,805,471	4.44
	- 116,720,098	40.98	99,328,927	34.44

Technical losses: Per National Treasury Circular 71 issued 17 January 2014 technical losses for water losses is set between 15% to 30%. Therefore, the entity has elected to use the maximum percentage allowed as the distribution loss is higher than 30%.

Non-technical losses: Losses cannot be accounted for mainly due to the non-metering of this water. This problem is currently being addressed whereby additional meters are being installed.

The above losses include rural areas and informal settlements.

REVENUE FORGONE

Based on audit sampling testing, indigent subsidies in the amount of R37 061 were identified being paid to persons whose applications for indigent status are not valid. The extrapolated amount over the entire indigent subsidy population amounts to R14 770 317. These amounts are not recoverable and are considered to be revenue foregone.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

59. Utilisation of Long-term liabilities reconciliation

Finance lease raised	-	493,860
Used to finance property, plant and equipment	-	(493,860)
	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

60. Cash flows from operating activities

Receipts: Sale of goods and services

Total revenue as per Statement of Financial Performance		6,103,957,504	5,572,982,624
Less: Fair value adjustments	43	13,727,929	(4,909,235)
Less: Interest received	30	(187,436,207)	(159,221,294)
Less: Government grants and subsidies received	33	(1,634,064,239)	(1,564,005,750)
Loss/(gain) on sale of assets	4	(499,569)	32,772,122
Movement in revenue from non-exchange transactions	12	(254,235,806)	(309,829,240)
Movement in receivables from exchange transactions	14	(322,984,614)	(170,586,935)
Fair value adjustment on Investment Property revalued	43	(13,727,929)	4,909,235
Movement in VAT receivables	13	(13,829,436)	(17,450,056)
Revaluation reserve realised	16	-	(66,573,130)
Movement in operating lease receivable	9	(2,929,997)	(2,573,654)
		3,687,977,636	3,315,514,687

Payment: Suppliers

Total expenditure as per the Statement of Financial Performance		(5,464,435,191)	(5,121,582,300)
Employee costs and Councillors remuneration	34&35	1,406,575,925	1,281,665,033
Interest paid	38	54,877,713	60,674,266
Depreciation and amortisation	37	789,811,231	684,830,961
Gain/(Loss) on disposal of assets	4	499,569	(32,772,122)
Reversal of impairments	4	-	504,750
Debt impairment	39	210,111,414	365,110,172
Depreciation adjustment	4	(1,158,832)	(1,051,645)
Net movement on unspent conditional grants	18	19,727,167	(22,178,515)
Movement in post retirement medical aid benefit obligation	10	1,692,983	89,348,202
Movement in provisions relating to landfill sites	20	8,417,824	(7,473,888)
Adjustments in SoCNA	4	-	7,659,232
Non-cash and adjustments on PPE	4	(8,142,771)	(20,460,681)
Impairment	4	-	(34,040)
Revaluation of property plant and equipment	4	-	15,764,840
Revaluation recognized in SoCNA	16	(8,740,052)	436,826,309
Movement in payables from exchange transactions	24	328,511,889	(37,607,467)
Opening balance adjustment on PPE 2015	4	-	(389,360,547)
Movement in inventory	11	8,848,174	5,719,579
Opening balance adjustment on Intangible assets	4	-	1,088,030
Movement in VAT payable	25	357,562	28,043
Movement in operating lease liability	9	92,989	-
		(2,652,952,406)	(2,683,301,788)

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

61. Surplus / (Deficit) for the year

Reconciliation of actual operating results to net income / (deficit)

Net income for the period	684,133,176	369,505,277
Share of surplus of associate accounted for under the equity method	(30,383,365)	(22,359,440)
Capital expenditure ex grant funding	(670,393,964)	(615,492,273)
Actual operating results	(16,644,153)	(268,346,436)

62. Retirement benefit Information

The employees of the Council as well as the Council as employer, contribute to Municipal Pension, Retirement and various Provident Funds as listed below

- Cape Joint Pension Fund
- Cape/Consolidated Retirement Fund
- Eastern Cape Local Authorities Provident Fund
- Government Employees Pension Fund
- SAMWU National Provident Fund
- SALA Pension Fund
- East London Municipal A Band Provident Fund
- Municipal Employees Pension Fund
- Municipal Councillors Pension Fund
- National Fund for Municipal Worker
- Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede

The Cape Joint Pension Fund's last actuarial valuation was at 30 June 2015 conducted by S. Neethling from MMI Group Limited. The fund was 153.1% funded at valuation date.

The Cape/Consolidated Retirement Fund's last actuarial valuation was at 30 June 2015 conducted by S. Neethling from MMI Group Limited who certified that the fund was in a sound financial position.

The Eastern Cape Local Authorities Provident Fund's last valuation was at 30 June 2015 conducted by E. Du Toit from Alexander Forbes Financial Services, who conformed that the fund was not in an unsound financial condition as at the review date in terms of section 16 of the Pension Funds Act. . The funding level was at 99.9% at valuation date.

The Government Employees Pension Fund's last valuation was at 31 March 2012 conducted by H. Buck . The funding level at this date was 100%.

SAMWU National Provident Fund's last actuarial valuation was at 30 June 2008 conducted by E.J. Potgieter from Towers Watson (Pty) Ltd. The report stated that the fund was in a sound financial position.

The SALA Pension Fund's last valuation was at 30 June 2015 conducted by J.F. Rosslee of ARGENT Actuarial Solutions. The fund was 100% funded as at valuation date. The valuator was satisfied with the investment strategy of the fund and the nature of the assets are in his opinion, suitable for the nature of the liabilities of the fund as defined in the rules of the fund.

The Municipal Employees Pension Fund's last interim valuation was at 28 February 2014 prepared by Itakane Consultants and Actuaries (Pty) Ltd. The report stated that the fund was financially sound and the funding level at this date was 100%.

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

62. Retirement benefit information (continued)

The Municipal Councillors Pension Fund's last valuation was at 30 June 2015 prepared by Mothapo R. and Barnard G.M. from Moruba Consultants and Actuaries. The report stated that the funding level was 100% at the time of valuation.

The National Fund for Municipality Worker's last Actuarial Valuation was at 30 June 2014 and prepared by G. Grobler and A. Bezuidenhout from Alexander Forbes Financial Services. The funding level at this date was 100.10%.

The East London Municipal A Band and the Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede is a fixed/defined contribution fund. It is therefore not necessary to perform an actuarial valuation for this fund.

It is Council's policy to fund 60% of Pensioner's medical aid expenses. The current costs amount to approximately R 17 million.

An amount of R 208 million (2015: R 185 million) was contributed by Council, Councillor's and employee's in respect of Councillor and employee retirement funding. These contributions have been expensed.

63. Bids awarded to family of employees in service of the State

In terms of section 45 of the Municipal SCM regulation, any award above R 2 000 to family of an employee in the service of the State must be disclosed in the annual financial statements. The following is a list as recorded in the declaration-of-interest form:

BUFFALO CITY METROPOLITAN ECONOMIC ENTITY

Audited Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Audited Consolidated Annual Financial Statements

Figures in Rand

63. Bids awarded to family of employees in service of the State (continued)

Connected person	Position held in BCMM	2016	2015
T. Nyati	PA to SCM GM	229,443	266,777
T. Ceshemba	Relocation Officer	27,700	157,895
H. Lestig	Handyman	-	85,867
S. Majembe	Buyer	173,179	22,105
U. Gazi	Senior Buyer	-	22,895
C. Ruiters	Tender Co-ordinator	139,343	-
H. Lestig	Handy Man	271,200	-
Total		840,865	555,539

Connected person	Name of Institution	2016	2015
V.Y. Weitz	Department of Education	-	967,930
I. Joubert	Department of Higher Education	85,965	235,965
B. Nxamleko	SIU	-	129,960
F. Ngcwangu	EC Provincial Planning & Treasury	400,314	579,003
C.M. Poonsamy	EC Department of Labour	-	444,063
Y. Phosa	CT Parliament	-	171,750
G. Luthuli	Department of Social Development	45,800	-
N. Maqula	Department of Human Settlements	518,096	-
B. Nxamleko	SIU	213,215	-
D. Muzenda	National Lottery	1,283,641	-
Total		2,547,031	2,528,671

64. Municipal Standard Chart of Accounts (mSCOA)

The Minister of Finance published the Municipal Regulations on Standard Chart of Accounts (mSCOA) into effect on 22 April 2014. The primary objective of the mSCOA is to achieve an acceptable level of uniformity and quality from the collection of Local Government data. In order to achieve this main objective, the National Treasury has proposed a uniform and standardised classification framework that municipalities should use to record all financial transactions and ensure that an entity has minimum business processes in place.

BCMM has been selected by National Treasury as a pilot site for the implementation of mSCOA. The entity implemented the mSCOA in a phased approach by making changes to the General Ledger to accommodate the new standard chart of accounts with effect from 1 July 2015. This standard chart of accounts has undergone extensive review processes by National Treasury and a final version is expected to be introduced for implementation from 1 July 2017. Full compliance with the regulations is required to be achieved by 1 July 2017.

Although there have been changes to the General Ledger structure in the 2015/16 financial year management's assessment is that this has not had a material effect on the classification of Assets, Liabilities, Revenue and Expenditure and on the comparative figures with the prior year.